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EXECUTIVE SUMMARY

Introduction

This document contains the 2005 Comprehensive Economic Development Strategy (CEDS) for New Mexico State Planning and Development District (SPDD) 3. The purpose of a District CEDS document is to encourage coordinated economic growth throughout the region. This CEDS document was developed with wide-spread input and support from residents, economic development specialists and elected officials throughout SPDD 3.

Not only does the CEDS encourage regional cooperation, but it is a required component of any Economic Development Administration (EDA) grant application. Organizations and entities interested in applying for project grants under the EDA's Public Works and Economic Adjustment Programs must demonstrate how the investment fits into the regional CEDS. As a designated Economic Development District, the MRCOG is responsible for preparing and adopting a CEDS document at least every five years. The MRCOG provides the organizational structure for the formulation of the CEDS and serves as a regional coordinating body to bring players together to assure implementation of the recommendations.

State of the Economy

The economy in SPDD 3 is clearly growing. This is due in large part to a diversification of industries, particularly in the "high tech" and service sectors. High-tech manufacturing, which declined for several years, has seen an increase due to a favorable business climate for start-ups, job training programs, research and development tax breaks, access to venture capital, and access and proximity to Sandia and Los Alamos National Laboratories. There has also been a surge in the optics, biosciences, renewable energy-related industries (i.e., photovoltaics, hydrogen and biomass fuel generation), aviation (aircraft manufacturing), and digital media/film industries, all of which have had a positive affect on the region as a whole.



Isotopes Park Baseball Stadium opened in 2003.

One of the best economic development indicators, the regional unemployment rate, was 4.5 percent in June of 2004, a full percentage point decline from June 2003's rate of 5.5 percent. Also in 2004, the Milken Institute, a California-based economic think tank, placed New Mexico 14th on its list of states excelling in science and technology assets. The Milken Institute asserts that science and technology assets are important components of a region's ability to achieve successful economic development.

In 2004, the District saw many economic development successes. In Albuquerque, highlights include a proposal for a \$27 million digital film production center, interest from several aircraft manufacturers looking to relocate to the area, and a \$90 million Temper-Pedic mattress factory that is expected to employ at least 300 people. In Sandoval County, Commissioners approved one of the largest industrial revenue bond packages for the computer chip manufacturer Intel, guaranteeing Sandoval County \$95 million in payments over the next 15 years. Rio Rancho continued to recruit call centers, most notably Phase 2 Solutions, which will employ over 50 employees with hopes to grow to 500 employees. At the northern edge of Sandoval County, the Jicarilla Apache Nation opened a new

casino that will employ 70 people. In Valencia County, one of the nation's leading cabinet makers, Merillat Industries, a division of Masco Corporation, will break ground on a \$36 million facility in Los Lunas with plans to employ 700 New Mexicans. Unfortunately the region was negatively affected when MCI closed its Albuquerque call center displacing over 800 employees. The move was part of an overall reduction of 7,500 workers at MCI call centers across the nation. The MRCOG assisted the dislocated workers at its area employment training centers, or "One-Stops."



*Groundbreaking at the site of the Tempur-Pedic mattress manufacturing plant. Photo courtesy of AED.
Photo by Kyle Zimmerman Photography*

Regional Partners

By supporting and working directly with economic development organizations throughout the District, the MRCOG is able to further leverage its Comprehensive Economic Planning and Development Program. Due to the work of the organizations listed below, SPDD 3 grew jobs and infrastructure.

- **AED:** Albuquerque Economic Development assisted 32 companies in 2004 adding 593 jobs resulting in \$18 million of new payroll. Those firms also will be receiving \$3.8 million in job training funds from the state.
- **Belen EDB:** The Belen Economic Development Board has been assisting companies with relocation and expansion needs. In 2004 the greater Belen area saw approximately 150 new jobs due to new businesses and expansion of some longstanding ones.
- **EVEDA:** In the Eastern part of the District, the Estancia Valley Economic Development Association has been successful in helping to expand local businesses and recruit new ones. In 2004, EVEDA helped assist 15 businesses bringing in 79 actual jobs, with another 560 jobs committed.
- **Rio Rancho EDC:** The Rio Rancho Economic Development Corporation is recruiting high tech and biotechnology firms, "brainpower exporters," and assisting existing companies with growth and expansion. In 2004, the EDC worked with the City of Rio Rancho to recruit several new companies, and successfully acquired wireless capabilities throughout the city.

Technical Assistance

The MRCOG has access to the Regional Economic Modeling, Inc. software (REMI), allowing for economic development analyses. The MRCOG utilizes the REMI software to measure the economic, demographic and fiscal impacts produced by changes in the local economy. The software can analyze community infrastructure needs, new facility costs, tax implications, job projections, and other applications. The MRCOG has conducted REMI analyses for the City of Moriarty; the Estancia Valley Economic Development Association; the Sandia Science and Technology Park; Mesa del Sol; and the Albuquerque Arts Alliance.

Regional Population and Employment Trends

Recent population data show that District 3 has continued to grow and increase in proportion to the total population of New Mexico. At the same time, Bernalillo County, which serves as the economic hub of the District and the State, has had a decreasing proportion of population in the District since 1960, a trend that is projected to continue outward to 2030. The urbanized area has certainly grown, but is experiencing some out-migration due to employment growth in surrounding counties combined

with the affordability and increased availability of housing in these areas.

Employment in SPDD 3 decreased slightly from 2001 to 2002, but experienced a moderate increase in 2003 and monthly 2004 data indicate continued job growth into the current year. Job losses since 2001 have been greatest in the manufacturing and administration and waste services sectors, while gains have been made in healthcare and social services, government, and accommodation and food services. These gains have aided the District as it continues to diversify its economy and become less dependent on government sector employment. Although annual unemployment rates increased each year from 2001 to 2003, monthly 2004 data indicate a reversal of this trend as unemployment has generally declined throughout the year. While the District has fared better than the nation in retaining jobs in the first half of this decade, the incomes in the District have generally not kept pace with the rest of the nation. However, three of the four counties comprising SPDD 3 had a higher percentage increase in per capita income over the past few years than that of the United States. It is critical that the local economic development community continue to strive to create and retain high quality jobs.

Focus Areas and Recommendations

Major regional goals and strategies for economic development identified in the past focused on infrastructure development, diversification of industry, agriculture, workforce development, and increasing wage and salary levels. Substantial progress was made toward achieving those goals and strategies. This CEDS maps out a similar upward moving trajectory building on past goals and expanding focus areas to position the region to excel in the global economy.

The economic development focus areas in 2005 are as diverse as the region's topography. They serve to outline and synthesize certain economic development efforts that have energy and momentum. The community identified seven focus areas:

- **Agriculture and Environment (Alternative Energy)**—This area outlines efforts to increase the viability of the agriculture industry in SPDD 3 and protect land in agricultural use. It also highlights the energy efficiency and alternative energy development efforts in the region, such as biomass and hydrogen technology.
- **Aviation and Space Exploration**—This area highlights the exciting developments in the aerospace cluster, such as the formation of the Aerospace Technology Park at the Double Eagle II airport. It also emphasizes the importance of the local airports for commuters, commerce and trade, and retail and production sites for air and space commercial enterprises.
- **Entrepreneurship and Access to Capital**—This area outlines appropriate forms of capital available for small, medium and large businesses, and provides recommendations on ways to assist entrepreneurs launch new businesses.
- **Film and Artisan Manufacturing**—This exciting area illustrates the developments in the film industry in the region, from investment opportunities for filming and production, to sound and digital media studios. It also outlines some of the steps for the artisan manufacturing community



(one of the largest economic growth clusters in the region) to improve sales and marketing.

- **Infrastructure and Multimodal Transportation Improvements**—This area is critical for economic development. One of the premier projects in this focus area is the New Mexico Rail Runner Express, the state's first commuter rail service. Other infrastructure issues include planning for other capital improvements, multimodal transportation, and community development.
- **Technology and Biosciences**—This area examines some of the regional efforts to attract advanced technology-based businesses and to assure adequate training facilities to supply the workforce. It also looks at some of the emerging clusters, such as nanotechnology, microsystems and biotechnology.
- **Workforce and Education Investments**—This area highlights the need for linkages between workforce and employers, to assure job placement and retention. It also highlights linkages between employers and educators to assure appropriate training for today's competitive job market.



Old Albuquerque High School is renovated for mixed income loft apartments.

PART I INTRODUCTION

This document contains the Comprehensive Economic Development Strategy (CEDS) for New Mexico State Planning and Development District (SPDD) 3. The CEDS process is part of the Comprehensive Planning and Development Program conducted by the Mid-Region Council of Governments (MRCOG) of New Mexico.

The MRCOG is an association of local governments within a four-county area: Bernalillo, Sandoval, Torrance, and Valencia. The CEDS is the product of a regional planning process designed to enhance economic growth in the District. The purpose of the CEDS is to establish a process that will help create or retain jobs, foster more stable and diversified economies, and generally improve living conditions in SPDD 3. It provides a mechanism for coordinating the efforts of individuals, organizations, local governments, and private industry concerned with economic development.

This CEDS Document

- Provides background information on the environment, infrastructure, the state of the economy
- Presents the 2005 economic development focus areas and recommendations for SPDD 3
- Provides technical/demographic information about the region, such as population, income and employment
- Describes the process for annual evaluation, report of progress, and update and revision of strategies to obtain goals

How to Use This Document

The first part of this CEDS provides a summary of the CEDS process, including a brief discussion about MRCOG, SPDD 3, and the Economic Development Administration (EDA). Part II of the document provides a regional overview including the state of the economy, population and employment.

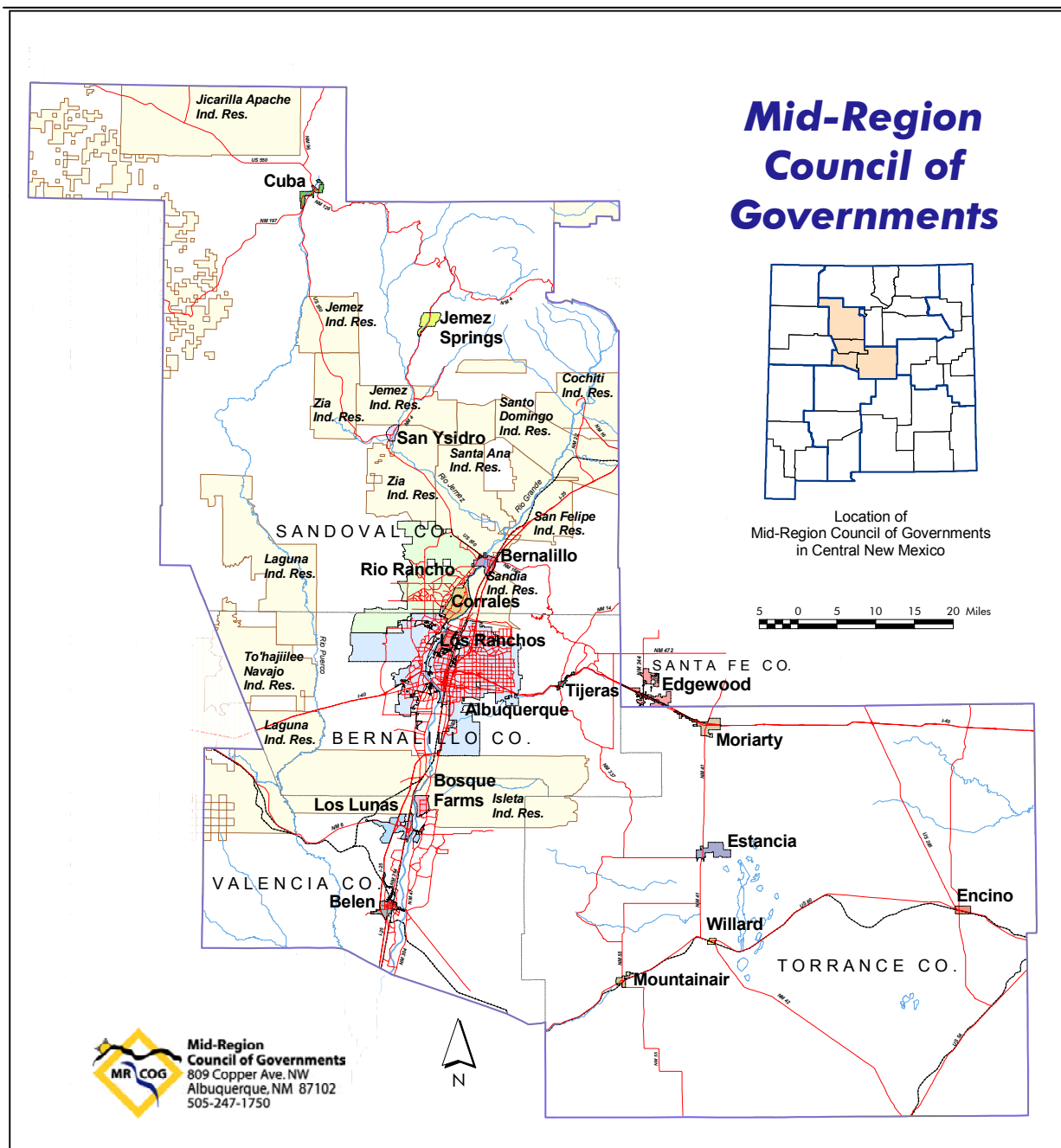
Part III contains economic development focus areas and recommendations for implementation. Organizations and entities interested in applying for funding from the EDA will need to demonstrate how the investment fits into the focus areas outlined in Part III. Part IV will outline the process by which the MRCOG will track progress made in each area. Part V contains technical and demographic data, such as population and race/ethnic data released by the Census Bureau, as well as income, employment, unemployment, and other economic information provided by the U.S. Bureau of Economic Analysis and the New Mexico Department of Labor.

Organizations and entities interested in applying for funding from the EDA will need to demonstrate how the investment fits into the focus areas outlined in the CEDS.

MRCOG and State Planning & Development District 3

The Mid-Region Council of Governments of New Mexico (MRCOG) (formerly the Middle Rio Grande Council of Governments) was established in 1968 as an association of local governments. The purpose of the association is to provide an open forum for local governments to work cooperatively on issues of mutual interest and regional significance.

New Mexico State Planning and Development District (SPDD) 3 consists of four counties: Bernalillo, Sandoval, Torrance, and Valencia (see map on next page). The region was authorized as a provisional Economic Development District by the U. S. Department of Commerce, Economic Development Administration (EDA) in 1972. It was officially designated as an Economic



Development District in 1973, with the MRCOG designated as the District Organization. Since that time the MRCOG has included an economic development component as part of its comprehensive planning and development process.

One of the responsibilities of a District Organization is to establish and maintain the District's Comprehensive Economic Development Strategy (CEDS). The CEDS is required for organizations in SPDD 3 to be eligible for project grants under EDA's Public Works and Economic Adjustment Programs. The MRCOG prepares and maintains the CEDS as part of its Comprehensive Planning and Development Program. The MRCOG serves as a regional coordinating body to bring players together to assure implementation of the recommendations in the CEDS.

Economic Development Administration (EDA)

The EDA was established under the Public Works and Economic Development Act of 1965 (42 U.S.C. 3121), as amended, to generate new jobs, help retain existing jobs, and stimulate industrial and commercial growth in economically distressed areas of the United States. The EDA provides funding assistance for projects that will significantly benefit areas experiencing or threatened with substantial economic distress. Distress may exist in a variety of forms, including, but not limited to, high levels of unemployment, low income levels, large concentrations of low-income families, significant declines in per capita income, substantial loss of population because of the lack of employment opportunities, large numbers (or high rates) of business failures, sudden major layoffs or plant closures, military base closures, natural or other major disasters, depletion of natural resources, and/or reduced tax bases.



Business Expansion at the Sandia Science and Technology Park

The EDA's evaluation criteria and funding priorities are published annually in the Federal Register. Proposals for EDA funding assistance will be evaluated using the criteria listed below.

EDA Investment Policy Guidelines

- **Be market-based and results-driven.** An investment will capitalize on a region's competitive strengths and will positively move a regional economic indicator measured on EDA's Balanced Scorecard, such as: an increased number of higher-skill, higher-wage jobs; increased tax revenue; or increased private-sector investment.
- **Have strong organizational leadership.** An investment will have strong leadership, relevant project management experience, and a significant commitment of human-resources talent to ensure a project's successful execution.
- **Advance productivity, innovation, and entrepreneurship.** An investment will embrace the principles of entrepreneurship, enhance regional clusters, and leverage and link technology innovators and local universities to the private sector to create the conditions for greater productivity, innovation, and job creation.
- **Look beyond the immediate economic horizon, anticipate economic changes, and diversify the local and regional economy.** An investment will be part of an overarching, long-term comprehensive economic development strategy that enhances a region's success in achieving a rising standard of living by supporting existing industry clusters, developing emerging new clusters, or attracting new regional economic drivers.
- **Demonstrate a high degree of commitment by exhibiting:**
High levels of local-government or nonprofit matching funds and private-sector leverage; clear and unified leadership and support by local elected officials; and strong cooperation between the business sector, relevant regional partners, and local, state, and federal governments.

Information about the EDA, its policy guidelines, and on-line applications can be found on the EDA website www.eda.gov.

During the past several years, the EDA has provided a substantial amount of funding assistance for projects in SPDD 3. Table 1 on the next page provides a summary of those projects.

Table 1 -- EDA-Funded Projects in District 3 (2000-2004)

Year	Recipient	EDA Assistance	Project
2000	City of Albuquerque	\$1,000,000	Fiber-optic network in Sandia Science and Technology Park
2000	Indian Pueblo Cultural Center	\$1,100,000	Living Indian Village Exhibit
2001	City of Albuquerque	\$1,000,000	Old Albuquerque High School Utilities Improvements and Landscaping
2001	Technology Ventures Corp.	\$1,000,000	Southwest Region Defense Innovation Commercialization Initiative
2001	All Indian Pueblo Council	\$120,000	Communication Initiative
2002	Bernalillo County	\$900,000	South Valley Commercial Kitchen/Business Incubator
2003	City of Albuquerque	\$1,500,000	Improvements at Double Eagle II
2003	El Zócalo	\$1,400,000	Sandoval County Economic Development Complex
2004	Sandia Science and Technology Park	\$750,000	Point of Presence Telecommunications Switch
2004	University of New Mexico Manufacturing and Technology Training Center (MTTC)	\$1,300,000	Cleanroom Expansion Project

Source: EDA, MRCOG

Contents and Reference to Other Documents

In addition to the CEDS and the CEDS Annual Reports, other documents are produced by MRCOG and its member local governments that directly relate to economic development in SPDD 3. These include the 20-Year Metropolitan Transportation Plan, Six-Year Metropolitan Transportation Improvement Program, the Regional Long Range Transportation Plan, and the Infrastructure Capital Improvement Plans approved by individual local governments. These documents should be used to supplement the CEDS in response to economic development planning and programming.



Sandoval County's El Zócalo is being redeveloped to become an Economic Development Complex

The MRCOG regularly publishes documents and reports containing detailed, current-year information and updated future-year forecasts for the four-county area. It also provides socioeconomic information on its web page, www.mrcog-nm.gov. The information on the website is available to the public and consists of current Census data for the counties and municipalities in the region in stand-alone tables and maps. The MRCOG also publishes documents containing information from the most recent Census. The CEDS and related documents are specifically prepared for use by local officials, public agencies, and members of the private sector requiring statistical and planning information about SPDD 3.

PART II

REGIONAL OVERVIEW

This section provides an overview of the geography, environment, and infrastructure of New Mexico State Planning and Development District (SPDD) 3 in addition to the state of the economy, population and employment. This analysis of the current situation provides a basis for future economic development activities in the region.

Background

SPDD 3 consists of four counties in central New Mexico. The region covers about 9,300 square miles and an estimated population of 773,000 in 2003. SPDD 3 contains the largest metropolitan area and two of the largest cities of New Mexico. Ninety-eight percent of the population is in the Albuquerque Metropolitan Statistical Area, and 95 percent of the population lives within 45 minutes of downtown Albuquerque.

Albuquerque is strategically located at the intersection of Interstate Highways 25 and 40. The Interstate highways provide opportunities for commerce and tourism in each of the four counties. A network of Federal and State highways connect to the Interstate routes, providing an extensive surface transportation network.

Geography, Climate, Environment, and Natural Resources

Mountains and river forest *bosques* are the most unique geographic features of the region. Other notable features include agricultural valleys and rocky canyons. The Jemez Mountains lie in northern Sandoval County and the Sandia and Manzano Mountains run along the Rio Grande valley touching Sandoval, Bernalillo, Torrance and Valencia Counties. The agricultural lands of the Estancia Valley extend to the East of the Manzano Mountains. Elevations within SPDD 3 range from 4,700 feet to over 11,000 feet above sea level.

Climate varies according to elevation. The majority of the region, including the most populous areas, has a semi-arid, continental climate characterized by abundant sunshine, low relative humidity, about 10 inches of annual precipitation, and wide daily temperature fluctuations.



View from Sandia Peak.

Quality of life factors make this location attractive for business. Communities within SPDD 3 have shown concern about activities that could lead to degradation of the natural environment. Environmental quality is consistently identified as a goal in local and regional comprehensive plans.

This semi-arid region counts the fragile, yet resilient Rio Grande as one of its assets. The Rio Grande has attracted settlements along its banks for two thousand years. Today, the surface water of the Rio Grande primarily is used for agriculture. While most communities along the river depend on groundwater for potable drinking water, the City of Albuquerque will be utilizing some of its surface water rights to augment the public water supply with river water. This is due to persistent drought conditions making groundwater supplies unsustainable.

Water resources continue to be the most pressing concern for the District. Acknowledging the District's water resource vulnerability led to the development and approval of two Regional Water Plans (Estancia Basin and Rio Grande Basin) which emphasize conservation, recycling, and reuse of water supplies. Increasing the efficiency of water use is an ongoing effort intended to preserve and protect water as a limited resource.

Air quality management is a significant activity in SPDD 3 because Bernalillo County has been identified by the Environmental Protection Agency (EPA) as an "attainment area" under a maintenance plan for carbon monoxide (CO) emissions. Bernalillo County has established numerous programs aimed at improving air quality, such as a vehicle inspection program, requirement for gasoline additives, and wood burning restrictions.



Irrigation in the Estancia Valley.

Renewable and non-renewable energy resources contribute to the local economy. Gas and petroleum production in Sandoval County have been major economic development activities in the past. There are also coal reserves located within and adjacent to the District. Other local energy-related activities include geothermal, solar and wind energy research and development. A state-wide priority is to make New Mexico a national leader in clean energy programs through investments in wind generation, solar power, biomass, geothermal, hydropower and landfill gas resources. Locally, the City of Albuquerque is seeking to diversify its reliance on non-renewable energy by supporting the use of biofuels in all fleet vehicles.

Transportation Infrastructure

Basic services and infrastructure are necessary for any community to enter the competitive economic development arena. The District's transportation system, which facilitates access to employment, labor, goods, and services, has undergone substantial improvement. The intersection of Federal Interstate Highways I-25 and I-40 (known as the Big-I) has been reconstructed and several I-40 interchanges are being rebuilt to increase capacity and access to freeways. In particular, the Coors/I-40 interchange is under construction, the Louisiana/I-40 interchange has been completed, and the San Mateo/I-40 will be rebuilt in the near future.



US 550 provides a major connection to Northwestern New Mexico.

Also, major segments of I-40 and I-25 within the MRCOG region are undergoing reconstruction as part of the GRIP program. Governor Richardson's Investment Partnership (GRIP) is a \$1.6 billion statewide transportation expansion and infrastructure improvement project approved by the New Mexico Legislature in 2003.

Other regionally significant arterials have been or are being improved throughout the region to increase capacity and create better connections to major activity centers and development clusters within the metropolitan region and to other parts of the State. Most of these road improvements are being designed to accommodate future commercial traffic and growing volumes of commuter travel

into regional job centers. Circulation in downtown Albuquerque is also being improved by eliminating one-way streets.

An example of the economic benefits of roadway improvements is the expansion of Eubank Boulevard in the City of Albuquerque. Widened from two to six lanes south of Central, this project will improve access to the Sandia Science and Technology Park, Kirtland Air Force Base, and “big box” businesses along the corridor. Another example is the University Boulevard Extension to Mesa del Sol, slated for construction in the early part of 2006. Mesa del Sol is a master planned, satellite community near Albuquerque. Transportation infrastructure development in this district is also emphasizing alternatives to highways such as bikeway facilities, transit hubs, rail services and aviation facilities (see Part III, Infrastructure for more information).

Public Transit Systems

Much of the urbanized area of SPDD 3 is served by public transportation systems, especially Albuquerque, which just initiated a “rapid ride” express bus service. However, communities adjacent to Albuquerque do not receive adequate transit services. Several new services will satisfy the lack of transit surrounding Albuquerque, and boost economic development for the region. They include a commuter rail service that the MRCOG and the New Mexico Department of Transportation (NMDOT) will launch in the fall of 2005, and the creation of a Regional Transit District (see Part III, Infrastructure).



Albuquerque's new "Rapid Ride" bus service at the Alvarado Transportation Center

Water and Wastewater

The majority of the municipalities have water and wastewater systems. Virtually every water supply and/or wastewater treatment system has been rehabilitated and expanded either in terms of capacity or service area coverage within the past ten years. Also, many of the unincorporated communities in the region are continuing to expand or upgrade their public water systems and, in some cases, wastewater systems.

Telephone, Wireless and Digital

Since the last CEDS, the top has been blown off the telecommunications network in the area. While Qwest continues to be the major provider of land-line telephone service to the majority of the households, numerous wireless companies now serve the four-county region, including Verizon, Sprint, TMobile, Cricket and Alltel. The City of Albuquerque has deployed wireless capabilities across much of the downtown area as well as the Albuquerque Sunport. Broadband communication facilities (including fiber optics) are also being extended into the more rural areas of the district.

Gas and Electricity Services

Public Service Company of New Mexico (PNM), headquartered in Albuquerque, serves the majority of the population of SPDD 3. PNM generates much of its power in northwest New Mexico to serve customers in the Rio Grande Valley. The remainder of the District is served by several electric cooperatives. The electric cooperatives serving this area are: Central New Mexico, Continental Divide, Jemez Mountains, and Socorro.

Regional Economy

SPDD 3 has experienced significant changes in its economy since 2000, echoing national trends of slowed employment growth and higher unemployment. However, in 2004 the region saw the highest annual job growth of the decade thus far and a turn towards declining unemployment after 3 years of growing unemployment. Although the government sector is large, the regional economy is continuing to diversify. During 2004, the District gained employment in healthcare and social services, professional and business services, and construction (a continuation of home-building fueled by the low-interest mortgage rates).

Industry Highlights

Industry highlights from 2004 include the following. In Albuquerque, a proposal is in the works for a \$27 million digital film production center; there is interest from several aircraft manufacturers looking to relocate to the area; and a \$90 million Temper-Pedic mattress factory is expected to employ at least 300 people. In Sandoval County, Commissioners approved one of the largest industrial revenue bond packages for the computer chip manufacturer Intel, guaranteeing Sandoval County \$95 million in payments over the next 15 years. Rio Rancho continued to recruit call centers, most notably Phase 2 Solutions, which will employ over 50 people with hopes to grow to 500 employees. In northern Sandoval County, the Jicarilla Apache Nation opened a casino that will employ 70 people. Existing casino-resorts operate at Laguna, Santa Ana, San Felipe, Sandia and Isleta Reservations. In Valencia County, one of the nation's leading cabinet makers, Merillat Industries, a division of Masco Corporation, is planning to break ground on a \$36 million facility in Los Lunas with plans to employ 700 New Mexicans.

Unfortunately the region was negatively affected when MCI closed its Albuquerque call center displacing over 800 employees. The move was part of an overall reduction of 7,500 workers at MCI call centers nationwide. MRCOG assisted dislocated workers at area employment training centers, or "One-Stops."

Population and Employment

SPDD 3 is continuing the trend of population growth. Population in the region has more than doubled over the last 30 years (from 359,007 in 1970 to 729,649 in 2000) and projections for 2010 show a growth rate of over 40% (See Appendix A for more statistics on population and employment in SPDD 3). In 1960, the region's growth was largely fueled by the national defense industry. In the years since, the economy and workforce has become more diversified. High-tech manufacturing, which declined for several years, has seen an increase due to a favorable business climate for start-ups, job training programs, research and development tax breaks, access to venture capital, and proximity to Sandia and Los Alamos National Laboratories. There has also been a surge in the optics, biosciences, renewable energy-related industries (i.e., photovoltaics, hydrogen and wind generation), aviation (aircraft manufacturing), and digital media/film industries (see Part III), all of which have had an affect on population growth.

PART III

REGIONAL FOCUS AREAS AND RECOMMENDATIONS

This section of the CEDS focuses on topic areas of economic development that are beginning to blossom in State Planning and Development District (SPDD) 3, the four-county MRCOG region. In addition, recommendations have been formulated on ways to support and integrate those focus areas into the overall regional economic development strategy for the region. Based on a series of community workshops and interviews with economic development specialists and other stakeholders, the following focus areas have been identified as strategic planning initiatives:

- Agriculture and Environment (Alternative Energy)
- Aviation and Space Exploration
- Entrepreneurship and Access to Capital
- Film and Artisan Manufacturing
- Infrastructure and Multimodal Transportation Improvements
- Technology and Biosciences
- Workforce and Education Investments

I — Agriculture and Environment

Agriculture

New Mexico as a whole, and specifically the region along the Rio Grande, has a rich tradition of agriculture. In SPDD 3, farm operations and land in agricultural production ranges from small, one-acre farms to large, 100+ acre operations. Along the Rio Grande Valley, alfalfa is a popular, although water intensive, crop. In Torrance County, alfalfa, corn and pinto beans are the dominant crops with beef cattle the primary livestock raised. In other parts of the District, agriculture includes egg farms, beekeeping, wine, lavender, chile, and specialty livestock, including buffalo, llamas and long-horn steers.

Unfortunately, due to soaring land values, increased development, and a fragmented agriculture industry, the District is seeing a rapid decline in agricultural lands.



Acequia (irrigation ditch) in Los Lunas.

The MRCOG created an Agribusiness Task Force (www.agbz.net) to promote a viable agricultural economy in the Middle Rio Grande region and to protect land in agricultural production. Through its Agribusiness Task Force, the MRCOG increases the linkages between producers and end markets resulting in increased business for the industry as a whole. In 2004, several linkages were made through the MRCOG forum. For example, in one instance a locally-owned restaurant interested in selling locally-grown produce learned about a host of ready suppliers. In another instance, local suppliers learned that Whole Foods Market would accept locally-grown produce on an ad hoc basis. The MRCOG also supported the agriculture “cluster” by highlighting the benefits of cooperative marketing and distribution operations; the economic benefits of alternative and high value specialty

crops; and water conservation practices to keep the agriculture industry viable in the region.

Recommendations

1. Create an information database on local farming and ranching activities including a market and supplier network.
2. Review land development policy to determine how it affects agribusiness.
3. Increase public awareness of the local agricultural economy.
4. Promote year-round production and development of an expanded range of products.
5. Identify and seek funding to achieve the long-range goals of the Agribusiness Task Force.
6. Establish an umbrella organization with oversight of agricultural programs and projects in the Middle Rio Grande region.

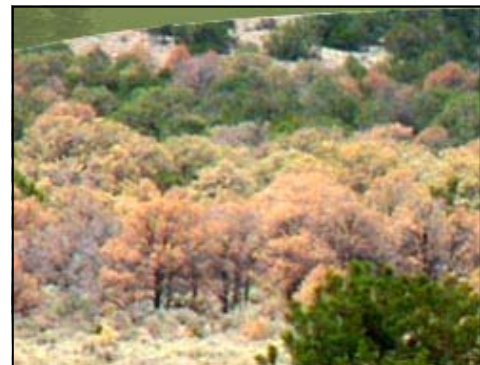


Community-supported agriculture at Los Poblanos Organics.

Environment—Alternative Energy

New Mexico is trying to become a national leader in clean energy programs that will be as good for the economy as they will be for the environment. New Mexico has made investments in wind generation and solar power, and expanded tax credits for renewable energy production to include biomass, geothermal, hydropower and landfill gas resources. Efforts in the MRCOG region include small-diameter timber harvesting for biomass operations, energy efficiency projects and research in hydrogen technology.

Estancia, home to one of the largest greenhouse operations in the region, proposes to create biomass fuel from small-diameter timber and utilize the energy to heat the greenhouse. Once operational, the energy output would be large enough to sell on the grid. A similar effort is underway in Mountainair to fuel the operations of a sign manufacturer with biomass fuel. Finally, Cuba, a mountainous community in the Jemez Mountains, is developing a small-diameter timber harvest for



Fodder for Biomass: dead Piñon trees near Cuba.



biomass fuel and other products. This kind of alternative energy makes economic and environmental sense for the region. It helps to reduce our reliance on foreign oil and fossil fuels, helps to thin out beetle-infested piñon forests, and helps create jobs.

The City of Albuquerque has expressed interest in becoming the renewable energy capital. That city is moving forward in its goal by undertaking an initiative to link job growth with “green building.” It is

doing this through urban renewal initiatives that use natural resources more efficiently, close materials cycles, and employ renewable energy wherever possible. And, Albuquerque's Mayor recently announced that the city will switch to using bio-fuels in all fleet vehicles.

New Mexico's Hydrogen Technology Partnership (HyTeP) is working to further the State's role in research, development, manufacturing, and integration of hydrogen energy technology products and systems. Developing hydrogen fuel cells, for example, can lead to a clean abundant energy source, grow New Mexico jobs, increase the research base, and reduce the nation's dependence on imported oil. HyTeP, in collaboration with federal, state and local government agencies is developing a hydrogen production, storage and dispensing facility located at the site of an existing Compressed Natural Gas refueling station located at the Albuquerque International Sunport. Hydrogen will be produced through the reformation of natural gas available at the target site.



Solar Panel on display at the Solar Fiesta in Albuquerque.

Photo courtesy of the New Mexico Solar Energy Association

Recommendations

1. Support tax incentives for the manufacturing of components for renewable energy systems that use solar, wind, geothermal, landfill gas or biomass as the energy source.
2. Support the development of hydrogen technologies.
3. Support local alternative energy initiatives.

2 — Aviation and Space Exploration

Aviation

SPDD 3 is developing a niche for small aircraft manufacturing at the Double Eagle II Airport (DEII) on Albuquerque's West Mesa. The niche was initiated when Eclipse Aviation chose Albuquerque for its manufacturing site. Eclipse is currently located at the Sunport, Albuquerque's air carrier facility, and intends to begin construction of its permanent manufacturing facility at DEII in 2007 and occupy that facility in 2009.

As a result of the Eclipse presence, an Aerospace Technology Park (ATP) was developed at DEII to provide incentive for other aircraft manufacturers and suppliers to locate in Albuquerque. The ATP is a partnership between the City of Albuquerque Aviation Department, Black Ranch Joint Venture and Eclipse Aviation, and is being cooperatively developed and marketed. In early 2005, Utilicraft Aerospace Industries, Inc. signed leases to occupy a 15,000 square foot hangar facility. It will construct an 80,000 square foot facility in late 2005 at the ATP. Negotiations are underway to locate more jet manufacturers at DEII.



The Eclipse 500.

Albuquerque TVI has established a flight-training program at DEII and is working towards construction of an aerospace training campus at the ATP to support aircraft manufacturing, aircraft and avionics maintenance and other aerospace technologies. Excel-Jet, and other aircraft manufacturers, as well as related components suppliers and technology assistance providers are now looking to relocate their facilities to this region.

Airport improvements, such as those made at Double Eagle II, can have additional positive impacts. As small business jet travel rises, there will be a new emphasis on business connections in rural areas. The six public airports in SPDD 3, Albuquerque's Sunport, Belen Alexander Airport, Double Eagle II, Estancia, Moriarty, and Mountainair, can play an important role in accessing communities throughout the District and indeed much of rural New Mexico. These airports are used not only for passengers and cargo, but also for recreational flying (gliders) and ballooning.

The Sunport currently has a Foreign Trade Zone on its property and several of the other airports are considering obtaining sub zone status to the Foreign Trade Zone to increase the flow of commerce through the region.

Recommendations

1. Develop and refine state and local tax incentives for aviation industry manufacturers and suppliers.
2. Identify funding for and continue to make the estimated \$36 million in needed improvements at Double Eagle II.
3. Promote the aerospace industry at DEII and throughout SPDD 3.
4. Promote use of the Foreign Trade Zone and sub zones as the various airports throughout SPDD 3. Continue to support airport improvements in SPDD 3, particularly in rural areas.

Space Exploration

In 2004, New Mexico was selected to host the annual Ansari X-Prize Cup. The race will showcase the capabilities of Reusable Launch Vehicles (RLVs). In 2004, the door to the frontier was officially "blown off" when California's SpaceShipOne won a \$10 million prize (the X PRIZE) to develop and launch the first RLV. The annual X-Prize Cup will be a competitive spacecraft race now set to launch from the soon to be developed Southwest Regional Spaceport in New Mexico. The Southwest Regional Spaceport, west of White Sands, is the designated site for the X-Prize Cup. Until the space port is fully developed, the X-Prize Cup will be held at White Sands Missile Range.

The X-Prize Cup is significant because the District is already beginning to see spacecraft equipment suppliers and other support services beginning to locate in the region. The X-Prize Cup is expected to draw tens of thousands of spectators each year, bring in more than \$1 million in annual revenue, and establish new developments in space planes, and new markets and operational concepts for spaceports.



SpaceShipOne launches from California in 2004.

Recommendations

1. Continue to support the growth and diversification of the aviation clusters.
2. Establish a link with Albuquerque Economic Development and the New Mexico Economic Development Partnership to coordinate appropriate aerospace related economic development throughout SPDD 3.

3 — Entrepreneurship and Access to Capital

To successfully grow existing businesses and foster new business start-ups requires access to capital and technical business assistance. The partners in SPDD 3 are working to give entrepreneurs this needed support.

Capital

While New Mexico is continually rated strongly for its access to venture capital, most new businesses in the state are microbusiness with 1-5 employees and initial capital needs of \$35,000 or less. Because of the reluctance of banks to make small loans at the earliest stages of a company's start-up, microlenders with seed and pre-seed funding become very important. The largest microlenders in New Mexico are ACCION, WESST Corp, and the New Mexico Community Development Loan Fund (NMCDLF).



The New Mexico Small Business Investment Corporation (NMSBIC), a state-chartered corporation funded by the Severance Tax Permanent Fund to make capital available to small business, created a loan pool for microlenders to expand their reach beyond Albuquerque to more rural areas. The first loan pool for \$3.3 million was developed in 2004 and was funded 75% by the NMSBIC and 25% by ACCION. After the first loan pool was loaned out in 10 months, a second pool of the same size was created. These two pools will enable ACCION to increase its total loan portfolio by 300% (to around \$9 million). The goal is that half of the loans will be made outside Albuquerque. Other loan pools (a total of \$2.0 million) were created by the NMSBIC, the NMCDLF and WESST Corp. These efforts exemplify the importance of microlending and microbusiness development as an economic development tool.

CDVC

Community Development Venture Capital (CDVC) is a new source of funding targeted for small businesses, typically in rural and low-income areas, that have a potential for substantial job creation and other social benefits. Companies receiving CDVC funds get intense monitoring and guidance. The focus of CDVC funding is often on manufacturing and service companies that not only have a hard time finding needed equity capital, but are also more likely to employ rural and low-income workers or be located in poor neighborhoods. CDVC investments range between \$200,000 and \$750,000. A proposed CDVC fund, New Mexico Community Capital, hopes to receive funding from the NMSBIC and others, allowing it to begin operations in 2005.

Pre-seed

While the opportunities for technology start-ups are numerous, given the proximity to two national laboratories, the numbers of technology start-ups remain surprisingly few. One reason is the scarcity of pre-seed money and the need for more training of entrepreneurs as well as mentors to monitor the progress of the business and provide the needed guidance for it to succeed. Creation of technology business incubators is a frequently utilized way to meet this need.

Next Generation Economy (NextGen) has created an excellent resource to connect entrepreneurs to appropriate sources of capital. See www.nextgenclusters.net.



Recommendations

1. Support creation of a Community Development Venture Capital (CDVC) fund.
2. Support funding for pre-seed venture capital funds.
3. Support availability of capital for rural-based businesses.
4. Support technology business incubators.
5. Support NextGen's entrepreneurial resources and capital availability map.

Business assistance/entrepreneurial support

Business survival requires access to technical support, and one-on-one mentoring. Several forms of entrepreneurial support are underway in SPDD 3 and deserve further support.

Business incubators sharing best practices help start-up companies get over the uphill learning curve faster. WESSTCorp is developing a business incubator in downtown Albuquerque to focus on small businesses and artisan enterprises and could serve technology companies, as well. Rio Rancho is proposing a high-tech incubator for Southern Sandoval County, capitalizing on its proximity to Sandia and Los Alamos National Laboratories (it is geographically half-way between the two), and Intel.

Small Business Development Centers (SBDCs) can provide much of the early technical assistance start-up businesses need. They also provide confidential assistance with business planning and financing, marketing and small business loans, and computer and other technical problems. Three of the thirteen centers are located in SPDD 3.

Specialized training opportunities, such as the Center for Commercialization & Entrepreneurial Training, provide training for entrepreneurs in SPDD 3 and around the state. The focus of the CCET is on getting technology-based innovation to the commercial market. The organization is the education/training arm of Technology Ventures Corporation (TVC) in partnership with the National Nuclear Security Administration (NNSA). Other examples include business seminars and workshops in areas outside of Albuquerque for rural-based businesses and entrepreneurs.

Entrepreneurs also benefit from a holistic community support system. In New Mexico, that means a variety of community development efforts. One effort, Enterprise Facilitation, is a grass-roots economic development strategy developed by Ernesto Sirolli. It works by proactively finding entrepreneurs in the community and shepherding them in accessing needed capital and business assistance. It enables communities to create and grow new companies, thereby developing job opportunities in rural areas. Three such programs are underway in other areas of the state and the City of Albuquerque is launching an Enterprise Facilitation project in '05.

Another show of community support for entrepreneurs is the use of SCORE mentors. These retired or semi-retired individuals share their advice and expertise with small business owners and budding entrepreneurs. The SCORE program is active throughout SPDD 3.



*WESSTCorps loan recipient and artist Marion Martinez.
Photo courtesy of WESSTCorps*

Recommendations

1. Support business incubators sharing best practices, and/or low-cost commercial space for start-ups.
2. Support existing local Small Business Development Centers, and support addition centers in Sandoval and/or Torrance Counties.
3. Support specialized training programs, such as the CCET, or special business workshops in rural areas.
4. Support Enterprise Facilitation.

4 — Film and Artisan Manufacturing

Film

During 2003-2004, film making created over 500 jobs in NM with payroll spending more than \$21 Million. From June to December of 2004, the New Mexico State Investment Council invested more than \$30 Million to assure that film be a viable avenue for economic stimulus. A total of 12 films were produced in New Mexico in 2004.

In addition to filming, New Mexico has begun to look at spin-off industries, such as production space, digital media, and specialized sound studios to support the film industry. In SPDD 3, the City of Albuquerque is developing a sound studio at the old rail yards, the Sawmill neighborhood adjacent to Old Town Albuquerque is investing in a digital media studio, and Sandoval County, where many films have been shot, is hoping to invest in a digital media and film support facility. The region anticipates that the economy will grow when the business of film making, with its need for editing, animation, catering, restaurants, dry cleaning, etc., begins to bloom.

A recent collaborative endeavor, the [New Mexico Media Industries Strategy Project](#), recently formed to assist with local and regional planning around the media industry (i.e., film, production, gaming, etc.). That endeavor is working to identify needs and initiatives to develop the media industry cluster.



Tommy Lee Jones and Ron Howard filming The Missing.

Recommendations

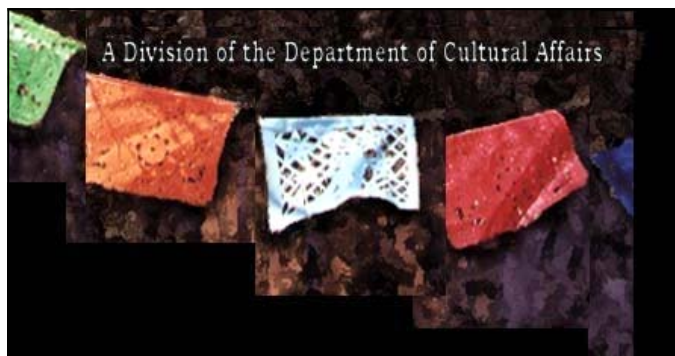
1. Support tax incentives that give the film industry in New Mexico a competitive edge, including incentives for production as well as filming locally.
2. Support digital media and other spin-off endeavors that support the film industry.
3. Support the Media Industries Strategy Project to bring economic development to the region through art and technology.



Rail yard soon to be turned sound studio, in Albuquerque's South Valley.

Artisan Manufacturing

In 2003, the Council on Competitiveness identified artisan manufacturing, particularly jewelry and precious metals, as one of the largest economic growth clusters in the region. New Mexico has over 20,000 artisans producing jewelry, pottery and ceramics, textiles, folk art, furniture, leather work, musical instruments, hand-painted tiles and many other art forms for sale and export. While large numbers of artisans exist in this region, the industry is fragmented which limits its ability to be competitive.



New Mexico Arts.

According to a report by the University of New Mexico's Bureau of Business and Economic Research, in 2002, Santa Fe arts and cultural industries and cultural tourism generated over \$1 billion in receipts, employed 12,567 workers and paid \$231.5 million in wages and salaries. Artists and artisans in New Mexico could become a more potent economic force with business training, technical assistance in improving their products and connections with local and national market opportunities.

In SPDD 3, it is estimated that there are between 5,000 to 7,000 artisans. According to the 2000 Census, nearly 5,000 individuals in the District directly benefit from employment in an artisan manufacturing enterprise—be it cabinet-making, jewelry manufacturing, photography, etc. Many artisans are not included in that figure, however, as their work is produced in their spare time, as a part-time occupation or as a labor of love. As an example, in Albuquerque alone (excluding the larger Santa Fe and Taos arts and cultural industries) there are over 90 fine arts galleries and artist studios showing works from thousands of artists.

Belen and Mountainair are communities within SPDD 3 that contain a growing number of artisans, fine art galleries, studios, and public art. In addition, SPDD 3 contains thirteen Native American pueblos, many of which have artisans and arts and crafts outlets.

In December of 2004, Next Generation Economy (NextGen) brought together more than 50 artisans from around the state to discuss barriers and growth opportunities for the artisan cluster. NextGen and its partners will continue to build this cluster.

Recommendations

1. Expand regional wholesale/retail opportunities for artisans in SPDD 3 (increase art-related commerce by 10 percent in the next five years).
2. Expand and facilitate out-of-state wholesale opportunities.
3. Support artisans in attaining needed technical and business assistance, particularly in developing sound business plans.
4. Support artisans in improving their products.
5. Support NextGen and others who are seeking funding to support artisans.

5 — Infrastructure and Multimodal Transportation Improvements

Commuter Rail

In late 2003, Governor Richardson secured funding for the implementation of a commuter rail service from Belen to Santa Fe with the hopes of easing serious transportation problems in the I-25 corridor. The MRCOG and the New Mexico Department of Transportation (NMDOT) are the lead agencies in the development of the commuter rail, but local governments in the Belen to Santa Fe corridor are important and willing partners.

In addition to alternative transportation, the commuter rail system has the potential to have far reaching economic impacts in MRCOG counties. While each of the locations served by the commuter rail will have different impacts based on their unique economic, demographic, and land use settings, the commuter rail has the potential to create opportunities for business and residential developments in and around the rail stations, improve the local infrastructure to help existing businesses expand and attract new businesses, and improve quality of life issues. In many communities, the rail project is coinciding with downtown redevelopment efforts.

In Belen, NM, for example, the commuter rail is being linked to an overall downtown revitalization effort (the rail stop is adjacent to downtown). That community is working with residential and commercial developers to bring mixed use development into the area, with the argument that Belen is now just a few “stops” away from Albuquerque.



Governor Richardson rides a prototype Commuter Rail train in 2004.



In Bernalillo County's South Valley, commercial development projects are being planned around the proposed rail stop location. At the northern end of the first phase of the commuter line, the Town of Bernalillo is developing infrastructure to aid travelers interested in visiting that community's historic downtown.

Because of technical and funding issues the commuter rail system is being developed in two phases. The first is the development of rail service between Belen and Bernalillo and is scheduled to be completed by the Fall of 2005. The second portion of the project is to complete the rail service from Bernalillo to Santa Fe, slated for 2008. The map above shows the communities that will have commuter rail stations in Phase I and the area between Bernalillo and Santa Fe that will be served in Phase II.

Multimodal Transportation

In addition to the commuter rail (as one mode of transit) the MRCOG coordinates multimodal transportation planning in the region. Through the Regional Planning Organization (RPO), the Metropolitan Planning Organization (MPO) and other planning forums, the MRCOG and its many partners facilitate the movement of people and goods throughout SPDD 3.

The MRCOG transportation planning efforts focus on several things. 1) Coordinating mass transit by linking transportation modes (for example, connecting commuter rail with express and/or shuttle services); 2) increasing access and mobility options for people (i.e., welfare to work transportation, or Elderly and Disabled Specialized Transit); and 3) integrating bikeways, pedestrian walkways and trails into all comprehensive plans.



Bosque trail user in Albuquerque.

The MRCOG works to increase access to public transit systems when other transportation alternatives are not available. For example, many Estancia Valley residents commute west to jobs in the Albuquerque area, and do not have access to the Commuter rail or other forms of public transit until they enter the city limits. In that instance, the MRCOG would advocate for park and ride facilities for communities east of the Sandia Mountains.

Infrastructure

Through the New Mexico Department of Finance, Infrastructure and Capital Improvement Program (ICIP), communities in SPDD 3 are able to put on paper their infrastructure improvement needs. Those needs can then be incorporated into funding plans, such as Community Development Block Grant funding, direct appropriations from the New Mexico State Legislature, or other funding programs. The City of Belen identified a need to improve its downtown area and received funding from the Rural Development Response Council. The project, the Heart of Belen www.heartofbelen.org, is now a fully-integrated urban renewal endeavor.



Access to hospitals and medical care facilities is another infrastructure issue that rural communities must address before they can successfully grow their economies. Many of the residents in the rural communities in SPDD 3 are over the age of 50. Many communities are 20 miles or further from a hospital facility of any size. Therefore, access to medical services and facilities for seniors and other residents is an important economic development tool.

Technical Assistance

The MRCOG has access to the Regional Economic Modeling, Inc. software (REMI), allowing for economic development analyses. The MRCOG utilizes the REMI software to measure the economic, demographic and fiscal impacts produced by changes in the local economy. The software can analyze community infrastructure needs, new facility costs, tax implications, job projections, and other applications. The MRCOG has conducted REMI analyses for the City of Moriarty; the Estancia Valley Economic Development Association; the Sandia Science and Technology Park; Mesa del Sol; and the Albuquerque Arts Alliance.

Community Development

The New Mexico Economic Development Department (NMEDD) has a history of community development. The “certified communities” and “MainStreet” programs support local communities, particularly in rural areas, with economic development and job growth.

The Certified Communities Initiative (CCI) encourages and supports New Mexico communities in their efforts to create new jobs. The initiative emphasizes the importance of recruitment, as well as retention/expansion and start-up activities. To receive certification, communities are required to establish a local economic development organization; develop a two-year community business plan; develop a land and building inventory, among other requirements. In SPDD 3, Belen, Cuba, and Rio Rancho have all become Certified Communities, as well as the Estancia Valley which, through its local governments, became the first region to embrace the CCI.



Certified Community: Moriarty's Main Street.

The MainStreet initiative promotes economic development by revitalizing central business districts in New Mexico communities. It is based on the preservation and rehabilitation of existing structures of unique historical and architectural character. Three Albuquerque locations, Bernalillo, and Corrales are all MainStreet communities.

Recommendations

1. To enhance the region's competitive advantage, it will be important to support the completion of the commuter rail in SPDD 3 and connect it to Santa Fe by 2009.
2. Support for the operation of the rail and intermodal connections to get commuters to their destinations is critical for the success of the commuter rail project and the establishment of a Regional Transit District.
3. Continue to develop overall multimodal services and infrastructure, particularly in rural areas.
4. Continue to utilize the Regional Economic Models, Inc software to analyze economic conditions throughout the region.
5. Support community development efforts, such as the State Certified Communities Program and MainStreet.

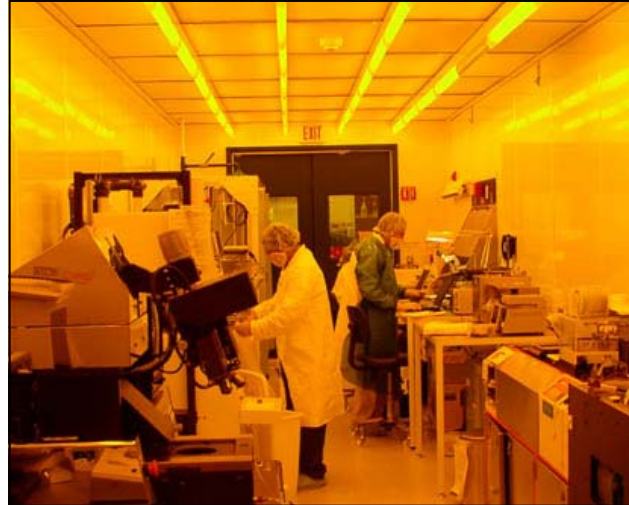
6 — Technology and Biosciences

Focus on High Tech

The District has identified a need for more technology training and skills building. Next Generation Economy developed the “Tech Index,” in which technology-based businesses are surveyed annually on a variety of issues. In 2004, a majority of businesses surveyed responded that technical talent was a “problem” to doing business in New Mexico.

At the same time, a significant sample of businesses also responded that they were satisfied with the ability to access employee training. So, while there seems to be a real or perceived lack of skilled laborers, the region is responding with skill-building programs, on the job training, and investments in

technology training facilities at educational institutions (see www.nextgenclusters.net). In October of 2004, the head of the Economic Development Administration (EDA) came to New Mexico to award \$1.3 million to the UNM's Manufacturing Training and Technology Center (MTTC). This was accomplished with \$1.5 million in match money from the state of New Mexico, equipment donations from NextGen and Intel, and the prevailing mix of private and public users of the MTTC Cleanroom. The MTTC center will enable training, research and commercialization in microsystems processing, engineering and manufacturing.



*First bay of MTTC's Cleanroom.
Photo courtesy of UNM*

TVC's Technology Research Corridor Collaborative (TRC) is making progress towards promoting the commercialization of publicly funded science and technology to diversify New Mexico's economy, create new high wage technology companies and greater private sector wealth. The collaborative consists of universities, national laboratories, the Department of Energy, Kirtland Air Force Base, and other private and public technology institutions along the I-25 "corridor," much of which goes through SPDD 3. The TRC aims to accelerate new technology business formulations to benefit research institutions, entrepreneurs, industry, investors and the citizens of New Mexico.

Biosciences (Nanotechnology, Microsystems and Biotechnology)

New Mexico is embracing the next frontier in Microsystems and Nanotechnology through the Microsystems and Nanotechnology Partnership (MiNaTeP). That group hopes to help the small-tech cluster and attract more large companies involved in micro and nano work. Much of the activity is occurring in SPDD 3. New Mexico was fifth in its ability to develop the state's economy through nanotechnology, according to a new report by Lux Research, a New York nanotech consulting firm. The ranking is based on universities, government spending, and venture capital availability that could support nanotech development. Also, in March of 2005 Small Times Magazine's Top 10 Nanotechnology Hot Spots List ranked New Mexico third for the second year.



BioTeP, the New Mexico Biotech and Biomed Partnership, seeks to raise awareness of the state's biotech resources and opportunities, develop a trained workforce, attract new talent and look at financing. Already the area is attracting laboratories interested in engineering new vaccines for emerging pathogens. One company, Pecos Labs, came to New Mexico because of the cluster of technological expertise in computational biology. Rio Rancho has also seen a flurry of interest from biotechnology companies.

EDA has recognized the importance of developing laboratories that can perform research and clinical studies using "Good Laboratory Practices." As a result, EDA is awarding a grant to the Lovelace Respiratory Research Institute to improve its research facility and enable development of the

Recommendations

1. Support technology start-ups, expansion of existing technology companies and connections within the technology cluster (i.e., technical expertise at the National laboratories, suppliers and colleges and universities).
2. Support biosciences by connecting laboratories with technically trained engineers and biology/biotechnology experts along with medical industry suppliers, etc. to grow the biosciences cluster in SPDD 3.
3. Support infrastructure improvements to accommodate a micro-nano user facility modeled after the Stanford Microfabrication Facility.
4. Support more accessible clean-room facilities.
5. Support incentives to waive personal state income tax for researchers in micro-nano companies for three years.

7 — Workforce and Education Investments

Workforce and the MRCOG

In 2003, the MRCOG took over administration of the Workforce Investment Act (WIA) programs of the State's central region. Funding for this program totals nearly \$4.8 million and serves eligible adults, dislocated workers and youth throughout SPDD 3. The MRCOG has made a concerted effort to involve the business community in this effort by assuring that business leaders make up 51% of the Board, by assisting businesses with upgrading the skills of their employees, and by working to connect businesses with employees.

Over 40 percent of all the layoffs that occur in New Mexico occur in SPDD 3. Therefore, the impact of layoffs on the region's workforce is significant. In response, the Workforce Connection of Central New Mexico (WCCNM) developed a "rapid response" committee and process to provide immediate services to workers affected by large and small layoffs that occur in the region.



Hands-on training at the One-Stop in Moriarty.

The WCCNM is also working with economic development organizations to connect employment training centers, or "One-Stops," with employers. Several of those organizations have been awarded grants to contact businesses and conduct small workshops on how the One-Stops work. The One-Stops are useful for businesses because of the process used to assess and categorize employee skills.

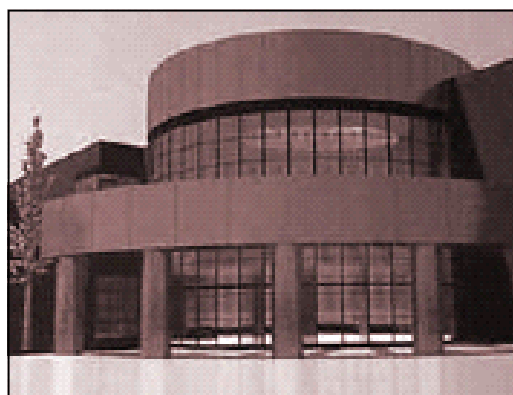
Next Generation Economy has developed an on-line job matching system "NextJob New Mexico" allowing employers and job seekers to more easily connect to one another. That system also forecasts hiring and training needs for educators, and workforce statistics by skills and occupations (see www.NextJobNM.com).

Recommendations

1. Continue to support connections between the labor force and employers, for example, through linkages with economic development organizations, business leaders, and the One-Stops, and through on-line job matching programs.
2. Work to integrate the job training programs available through the New Mexico Economic Development Department, the New Mexico Department of Labor, and the Workforce Connection of Central New Mexico.
3. Implement a process to take skills from today's job market (high tech and otherwise) and translate to educators developing appropriate curricula.
4. Focus on out-of-school youth (dropouts), to provide training, assistance with job search, job placement and job retention.

Education

Economic development is critically linked with workforce readiness and education. The MRCOG participated in a summit in November of 2004 to address the issues of how the educational system can better respond to employers needs and provide the kinds of skills that will strengthen and grow the capacity of all students in New Mexico. The outcomes of that summit were three areas of focus for coordinated efforts over the next five years: a flexible, student-centered pre-K through adult education system; expansion of the role of schools as centers of community and family involvement; and collaboration among businesses, all area schools, local governments, community groups, and others to continue to integrate efforts.



*Technical-Vocational Institute's
Workforce Training Center in Albuquerque*

In early 2005, the secretaries of three New Mexico state agencies—Economic Development, Education and Labor—and the Executive Director of the Office of Workforce Training and Development came together to listen to business and industry representatives, chambers of commerce, economic development organizations, educators, and workforce boards on their perspectives on linkages between workforce, education and economic development. The MRCOG will track the progress and outcomes from all of the efforts related to workforce and education in District 3.

Recommendations

1. Support a flexible, student-centered pre-K through adult education system.
2. Expand the role of schools as centers of community and family involvement.
3. Provide more access to institutions of higher learning through satellite campuses, interactive television classes, etc.
4. Support continued collaboration among educators, schools, workforce training centers, local government, businesses and community to increase skill levels in the regional workforce.
5. Support programs that focus on job-readiness (from skill-building in appropriate areas, to social skills that will improve an employee's chances of success in the workplace).

PART IV: EVALUATION AND UPDATE OF THE PROCESS

Evaluation

After the CEDS 2005 has been approved by the EDA, an evaluation of the CEDS planning process will be conducted on an annual and/or bi-annual basis. The evaluation will answer the questions “How are we doing?” and “What can we do better?” The results of the performance evaluation will be included in either an Annual Report document, a Bi-Annual Report, or a revised CEDS. The evaluation will document progress on region-wide economic development activities regardless of the source of funding. It will also report on changing economic conditions throughout State Planning and Development District 3.

The evaluation will be a short document and readily accessible to the public and decision makers to use to keep track of the CEDS and its implementation. It will:

- revise and update the CEDS as necessary;
- report on the previous year’s economic development activities and any significant changes in the region’s economic conditions;
- evaluate effectiveness in meeting the recommendations of the CEDS 2005; and
- track proposed economic development activities by any of the regional partners that serve to implement or act on the recommendations and focus areas in the CEDS 2005.

CEDS Revisions

A new, updated, or revised CEDS is required at least every five years, or sooner if the EDA or the MRCOG determines that the CEDS is inadequate due to changed circumstances. For example, the CEDS document can be amended to accommodate unforeseen circumstances caused by natural disasters, major economic adjustments, or rapid changes in national priorities. Any part of the CEDS document, including the program projections, development recommendations, or plans for implementation, may be changed upon resolution of the area CEDS committee (the MRCOG Board of Directors) and concurrence of the EDA. However, any amendment must meet all the requirements of the CEDS process.

PART V: APPENDICES

APPENDIX A: TECHNICAL/DEMOGRAPHIC DATA

Population and Regional Growth

The Population for District 3 is broken down by County and is based on figures from the U.S. Census Bureau. The decennial population from 1960 to 2000 for the District is displayed in Table 2, with a comparison to the State of New Mexico.

Clearly, District 3 is continuing a trend of significant growth. Population in the region has more than doubled over the last 30 years. In 1960, the region's growth was largely fueled by the national defense industry. In the years since, the economy has become more diversified and growth has been generated by an increasing "high tech" and service economy. High-tech manufacturing, which declined for several years, has seen an increase due to a favorable business climate for start-ups, job training programs, research and development tax breaks, access to venture capital, and access and proximity to Sandia and Los Alamos National Laboratories. There has also been a surge in the optics, biosciences, renewable energy-related industries (i.e., photovoltaics, hydrogen and wind generation), aviation (aircraft manufacturing), and digital media/film industries (see Part III), all of which have had an affect on population growth.

Growth has also been generated by increasing the size of industries centered in Albuquerque and Rio Rancho. Albuquerque is a regional center for health care, it is home to the State's largest university and technical-vocational school, and it is also the State's center for finance and trade. Rio Rancho is attracting high tech companies, and is growing its back office technical assistance operations or "brainpower exporters," due in large part to new wireless capability of that city.

A recent population estimate¹ for 2004 shows an 8.5% growth rate in the region since 2000. Not surprisingly, Rio Rancho is leading Sandoval County to an overall 16% jump in population from 2000. However, Albuquerque is still estimated to have gained almost four times the amount of people than Rio Rancho over the past four years (37,000 compared to 10,000). Albuquerque's estimated growth is in line with the regional pace of growth at 8.3%, with Bernalillo County estimated at a slightly slower rate of 7.7%. Valencia County's growth also appears to be slightly slower than the region with the exception of the Village of Los Lunas, which is estimated to have experienced a 13% growth since the 2000 Census. Torrance County is estimated to have a modest growth rate of 2.3% over the past 4 years.

Population projections to the year 2030 are from the University of New Mexico's Bureau of Business and Economic Research (UNM-BBER). The 2030 population projections for the District are displayed in Table 3, with a comparison to the State of New Mexico population projections. Growth is expected

1. MRCOG estimates are based on building permit data, assessor data, residential electric connection data, and school enrollment data. Estimates are adjusted based on BBER annual projections and Census estimates. Municipal estimates are primarily based on residential and mobile home permits. Census estimates for 2004 for counties have not yet been released. This estimate was conducted in December of 2004.

Table 2a – Historic Populations, 1960-2000

Counties	1960	1970	1980	1990	2000
Bernalillo	262,199	315,774	419,700	480,577	556,678
Sandoval	14,201	17,492	34,799	63,319	89,908
Torrance	6,497	5,290	7,491	10,285	16,911
Valencia*	16,146	20,451	30,769	45,235	66,152

Source: U.S. Census Bureau

*Note: In 1981, Valencia County was divided into two counties: Cibola County and current-day Valencia County. Populations for Valencia County prior to 1990 are for the current boundaries of Valencia County rather than the county boundaries in those years.

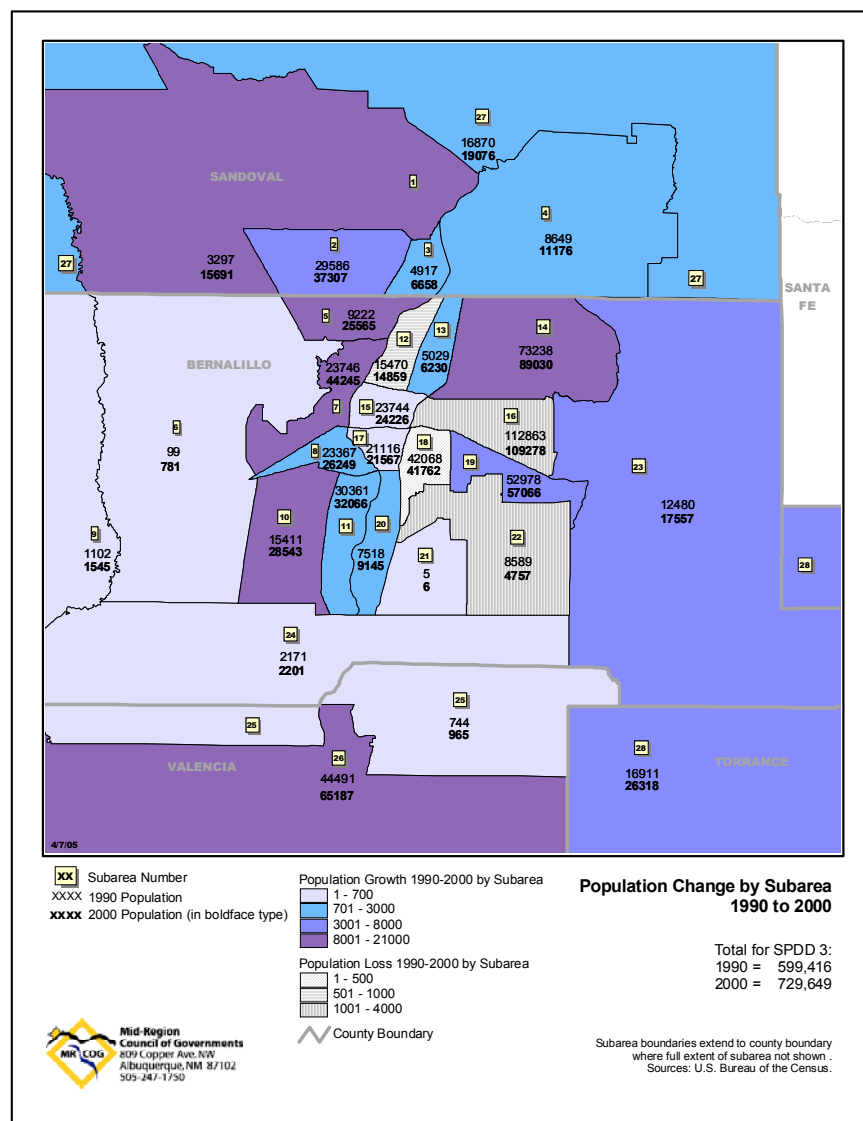


Table 2b – Historic Populations, 1960-2000

Municipalities	1960	1970	1980	1990	2000
Albuquerque	201,189	243,751	331,767	384,736	448,607
Belen	5,031	4,823	5,617	6,547	6,901
Bernalillo	2,574	2,016	3,012	5,960	6,611
Bosque Farms			3,353	3,791	3,931
Corrales			2,791	5,453	7,334
Cuba			609	760	590
Encino		250	155	131	94
Estancia		721	830	792	1,584
Jemez Springs		356	316	413	375
Los Lunas		973	3,525	6,013	10,034
Los Ranchos de Albuquerque		1,900	2,702	3,955	5,092
Moriarty		758	1,276	1,399	1,765
Mountainair		1,022	1,170	926	1,116
Rio Rancho			9,985	32,505	51,765
San Ysidro			199	233	238
Tijeras			311	340	474
Willard		209	166	183	240
Total District 3	299,043	359,007	492,759	599,416	729,649
Percent NM Population in District 3	31.4%	35.3%	37.8%	39.6%	40.1%
Total New Mexico	951,023	1,016,000	1,302,894	1,515,069	1,819,046

Source: U.S. Census Bureau

to continue over the next 25 years, with population reaching 1,112,583 by 2030. The rate of growth is expected to occur at a faster pace for the District than the State as a whole.

The urbanized area is expanding geographically, from 34,000 developed acres in 1970 to approximately 110,000 developed acres in 2000. Population growth has been increasing in the counties surrounding Bernalillo County. In 1960, 88 percent of the region's population was in Bernalillo County. Today, Bernalillo County accounts for 76 percent. This is reflective of out-migration to rural communities due to the affordability and increased availability of housing and land in these areas.

By 2030, it is anticipated that the District will represent 42 percent of the State's population; however, a decreasing percent of the region's population will reside in Bernalillo County (68 percent by 2030).

Race, as defined by the Census Bureau, is broken down into six categories in Table 4 (White, Black,

Table 3 – Population Projections, 2005-2030

County	2005	2010	2015	2020	2025	2030
Bernalillo	595,954	631,839	666,114	698,832	729,750	759,000
Sandoval	108,538	126,294	144,377	162,409	179,998	197,182
Torrance	19,523	21,690	23,475	24,979	26,318	27,479
Valencia	76,512	86,708	97,330	108,064	118,593	128,922
Total District 3	800,527	866,531	931,296	994,284	1,054,659	1,112,583
New Mexico	1,970,983	2,112,986	2,251,319	2,383,116	2,507,548	2,626,553
District 3 Share of NM	40.6%	41.0%	41.4%	41.7%	42.1%	42.4%

Source: UNM-BBER

American Indian, Asian, Pacific Islander and Other). Ethnicity is a seventh category (Hispanic) and includes persons of any race who indicated on the Census form their ethnicity was of Hispanic or Latino origin. When the 2000 Census was taken, people also were given the opportunity to provide two or more races either by checking two or more race response check boxes, by providing multiple write-in responses, or by some combination of check boxes and write-in responses. Table 4 collapses these responses into a biracial/multiracial category.

All of the counties in the District have a significant percentage of persons who are members of racial or ethnic minority groups. Over forty percent of the District's population is of Hispanic origin, compared to 12.5% for the nation as a whole. In Valencia County, over half of the population is of Hispanic origin. In New Mexico, the Hispanic population is primarily composed of two groups, one descended from the original Spanish settlers of the 17th and 18th centuries, and the other descended from more recent immigrants from Latin America, especially Mexico. The District has a greater percentage of Native American populations than the nation (5.5 percent compared to 0.7 percent). The highest concentration of Native Americans in District 3 is in Sandoval County. Over half of the District's population identifies themselves as a "minority", that is, not white, non-Hispanic, making it a "minority majority" region.

Table 4 – Racial and Ethnic Composition, 2000

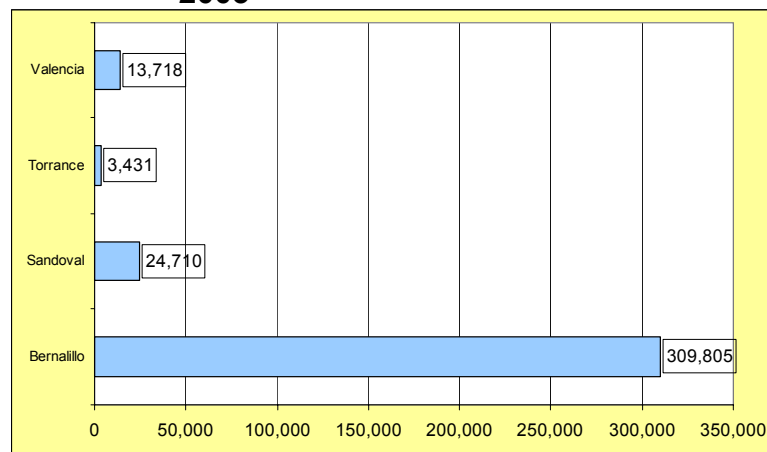
County	White Non-Hispanic (percent)	Black Non-Hispanic (percent)	American Indian Non-Hispanic (percent)	Asian Non-Hispanic (percent)	Other Non-Hispanic (percent)	Bi/Multi-Racial Non-Hispanic (percent)	Hispanic (percent)
Bernalillo	48.3	2.5	3.6	1.8	0.2	1.6	41.9
Sandoval	50.3	1.6	15.8	1.0	0.3	1.6	29.4
Torrance	57.2	1.5	1.6	0.3	0.5	1.7	37.2
Valencia	39.4	1.1	2.6	0.3	0.2	1.5	55.0
Total District 3	48.0	2.2	4.9	1.6	0.2	1.6	41.5
New Mexico	44.7	1.7	8.9	1.0	0.2	1.4	42.1
United States	69.1	12.1	0.7	3.6	0.3	1.6	12.5

Source: U.S. Census Bureau

Employment

Total employment in the District, by place of work is shown in Figure 2. Most apparent is the dominance of Bernalillo County. Bernalillo County is mostly urban in character, with the City of Albuquerque acting as the financial, educational, cultural, industrial, trade, medical, and business focal point for the District, as well as much of the State. Also available in Bernalillo County are numerous industrial parks, with all necessary utilities and a workforce pool to fulfill the personnel needs of new or expanded industrial concerns. New industries locating in Albuquerque, Rio Rancho and the surrounding area have provided job opportunities for residents throughout the District.

Figure 2 – Employment (Jobs) by Place of Work, 2003



Source: New Mexico Department of Labor

According to the New Mexico Department of Labor, the average number of jobs in the District dipped slightly between 2001 and 2002 and then recovered by 2003 (see Table 5). Between 2002 and 2003 Sandoval County is the only one in the District that showed a loss of jobs, while Valencia County showed the largest increase at 8.6%. Bernalillo County gained about 1600 jobs between 2002 and 2003. The majority of job losses since 2000 occurred in the administration, waste services and manufacturing sectors.

Table 5 – Employment (Jobs) by Place of Work, 2001 – 2003

	2001 Avg. Annual Employment	2002 Avg. Annual Employment	2003 Avg. Annual Employment	Change 2001 – 2002	Change 2002 – 2003
Bernalillo	308,584	308,226	309,805	-0.1%	0.5%
Sandoval	25,960	25,198	24,710	-2.9%	-1.9%
Torrance	3,291	3,368	3,431	2.4%	1.9%
Valencia	11,799	12,629	13,718	7.0%	8.6%
District 3	349,633	349,421	351,664	-0.1%	0.6%

Source: New Mexico Department of Labor

Table 6 and Figure 3 show the nonagricultural wage and salary employment (jobs by place of work) compared to the employed civilian labor force (employed persons by place of residence) for each county in the District. It must be noted that the civilian labor force excludes persons in the Armed Forces; therefore, the total number of jobs and working residents in Bernalillo County will be slightly higher when adding the military personnel based at Kirtland Air Force Base. In addition, there are a number of workers who commute between counties, which accounts for the difference between employment and employed residents.

Table 6 – Employment vs. Employed Residents, 2003

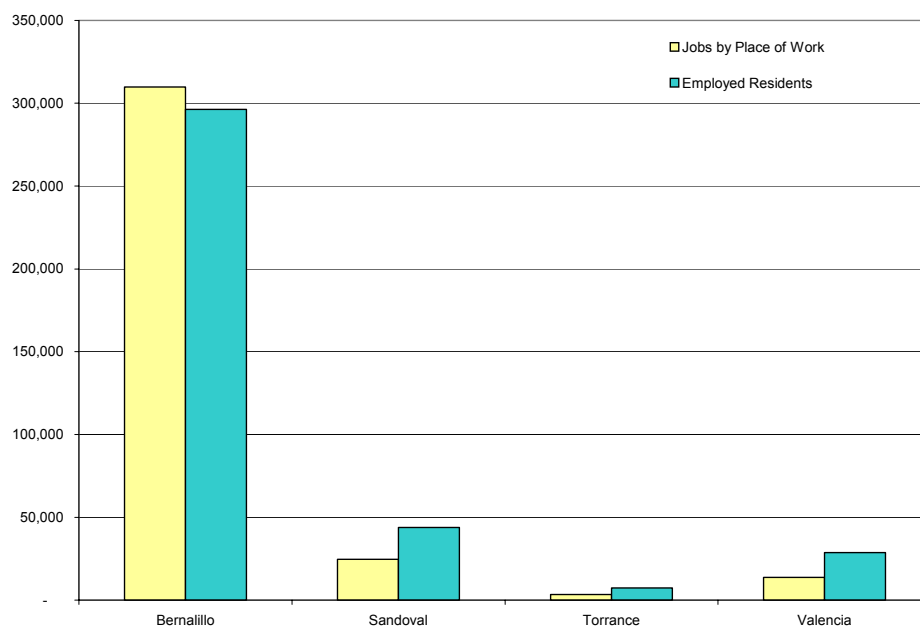
	Employment by Place of Work	Employed Persons by Place of Residence	Ratio of Jobs to Employed Residents
Bernalillo	309,805	296,296	1.05
Sandoval	24,710	43,877	0.56
Torrance	3,431	7,343	0.47
Valencia	13,718	28,697	0.48

Source: New Mexico Department of Labor

Jobs by Place of Work is from TABLE D, Quarterly Census of Employment and Wages Annual Averages.

Employed Residents is from Table C, Civilian Labor Force, Employment, Unemployment and Unemployment Rate.

Figure 3 – Employment vs. Employed Residents, 2003



Source: New Mexico Department of Labor

Only Bernalillo County has more jobs than employed residents, an indication that a significant proportion of the District's population works in Bernalillo County and lives in surrounding counties. In fact, about 35,000 persons from Sandoval, Torrance and Valencia Counties commute into Bernalillo County for work. In Torrance and Valencia Counties there are over twice as many employed residents than jobs. In order to achieve a greater balance of jobs and housing to minimize the costs of travel and congestion, it will be necessary to create more jobs in the surrounding counties so that employed persons have an opportunity to work closer to where they live.

As the Albuquerque Metropolitan Statistical Area continues to urbanize, farming has become a relatively small share of the District's economy. Farm employment accounts for less than one percent of the District's total employment (see Table 7). Farm employment decreased in every county in the District from 2001 to 2002. However, multi-jurisdictional efforts to raise awareness about the importance of small-scale farming operations (a characteristic of agriculture in District 3) have resulted in the creation of the MRCOG's Agribusiness Task Force.

The next four figures show the sectoral composition of employment in the 4 counties that comprise District 3. Due to the national conversion of industrial coding from the Standard Industrial Classification (SIC) to the North American Industry Classification System (NAICS), these charts will not be directly comparable to past CEDS documents. In addition, previous documents used Bureau of Economic Analysis as a source, whereas this is based on Department of Labor data, which only accounts for covered employment and wage jobs².

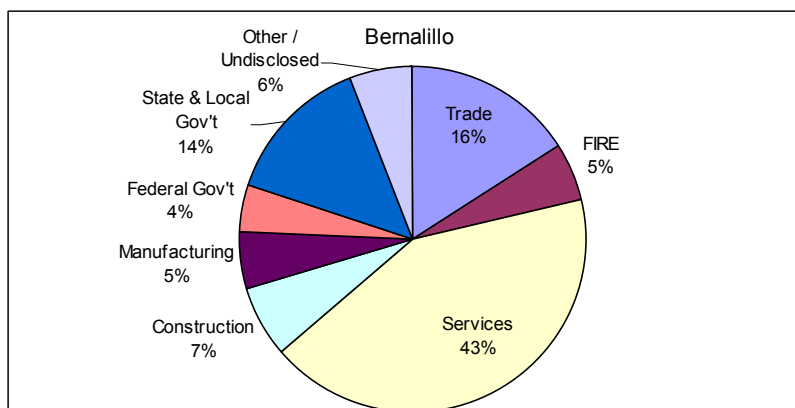
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2. Covered employment data consist of most full- and part-time, private and government wage/salary workers. These worker counts are interpreted as counts of jobs on a place-of-work basis. The database includes private sector employees that are covered under the New Mexico Unemployment Compensation Law (UI). This law and separate acts extend coverage to workers in households, non-profits, most state and local government entities, federal workers, and parts of the agricultural sector. About 97% of nonagricultural workers are in the database. Exclusions are as follows: insurance and real estate agents on com-

Table 7 – Farm vs. Non-Farm Employment, 2001-2002

	Farm Employment		Non-Farm Employment		Share of Total 2001	Share of Total 2002
	2001	2002	2001	2002		
Bernalillo	612	611	392,571	395,347	0.2%	0.2%
Sandoval	402	401	33,500	32,948	1.2%	1.2%
Torrance	608	607	4,665	4,804	13.0%	12.6%
Valencia	827	826	17,726	18,853	4.7%	4.4%
District 3	2,449	2,445	448,462	451,952	0.5%	0.5%

Source: Bureau of Economic Analysis

The services sector is responsible for 4 of every 10 jobs in the region. Growth in the past couple years has been led by the health services industry, with strong growth also in food services. State and local government represent 20 percent of the District's jobs. The large government component has been important to New Mexico's relative stability during recent periods of national economic decline. Major components of the large state and local government sector include public education institutions and state-run medical facilities. Tribally-owned casinos have also contributed to its growth.

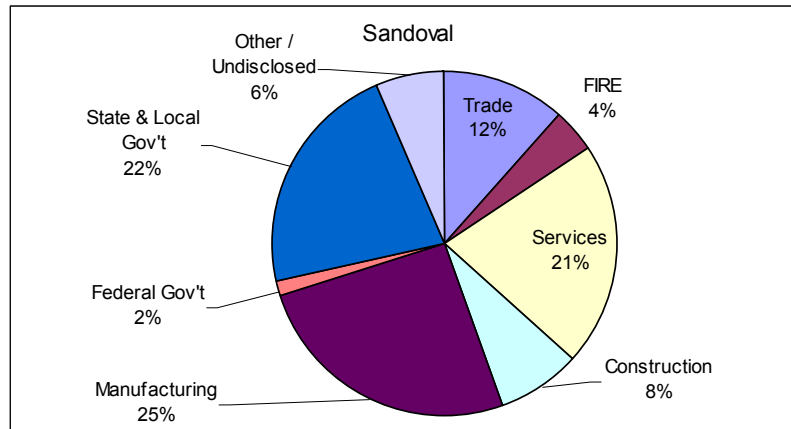
Figure 4 — Composition of Covered Employment: Bernalillo County, 2003

Source: New Mexico Department of Labor
 *Finance, Insurance & Real Estate

mission; services performed for a school, college or university by a student enrolled and attending classes at that institution; services performed in the employment of a church or convention or association of churches; employees of Los Alamos National Laboratory, since they are covered under California law; most railroad workers; self-employed; unpaid volunteers or family workers; members of the military; and services performed in agricultural labor when the employing unit does not meet the employment and payroll requirement for coverage (definition from Bureau of Business and Economic Research at the University of New Mexico).

In Bernalillo County, the services sector dominates employment and accounts for 43 percent of all jobs. Construction, retail trade, and services are the only sectors that have consistently exhibited growth since 1990, and are indicators of a growing population. The manufacturing sector and federal government jobs have seen a slight but steady decline in share of the County's jobs over the decades. Bernalillo County's services sector produced the greatest percentage increase in jobs since 2000, growing by 2.7%. This is significant considering that the County's overall number of private sector jobs has declined over the same time period.

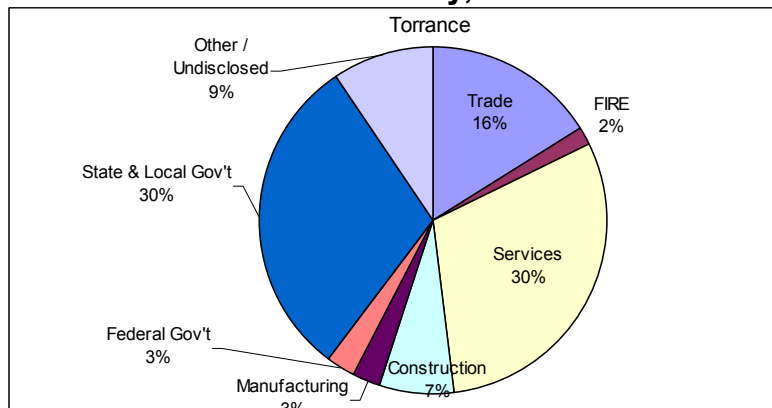
**Figure 5 — Composition of Covered Employment:
Sandoval County, 2003**



Source: New Mexico Department of Labor
*Finance, Insurance & Real Estate

In Sandoval County, the manufacturing sector had increased dramatically during the last three decades, and doubled in number of jobs between 1990 and 1995. In 1997 the manufacturing sector hit its peak at over 7,000 jobs, and more recently has leveled off and begun a slight decline. However, manufacturing remains an important part of the Sandoval County economy, providing one fourth of the jobs in the county. The services sector has continued to increase from a long term perspective; however, there was a recent 11% dip in services jobs between 2002 and 2003. Sandoval County has also seen a gradual but steady decline in the relative share of construction employment since the mid 1990s.

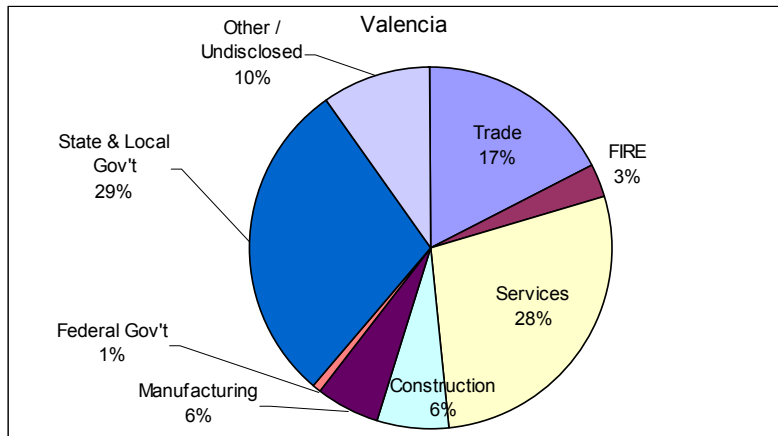
**Figure 6 — Composition of Covered Employment:
Torrance County, 2003**



Source: New Mexico Department of Labor
*Finance, Insurance & Real Estate

In Torrance County, the relative share of Federal government employment has remained constant over the past few years while state and local government employment decreased slightly, from 33% in 2001 to 30% in 2003. The services sector represents nearly one out of every three jobs in Torrance County in 2003, and this sector has grown considerably over the past several decades. Construction has increased its share of overall employment, from 2.6% in 1990 to 7% in 2003. Manufacturing has remained fairly stable, while retail trade has declined from 21% to 14% since 1990.

**Figure 7 — Composition of Covered Employment:
Valencia County, 2003**



Source: New Mexico Department of Labor
*Finance, Insurance & Real Estate

The state and local government, services, and retail/wholesale trade sectors remain the most important sectors in the Valencia County economy. These three sectors account for three out of every four jobs in the county. The manufacturing sector is a significant part of the Valencia County economy with 6% of the County's employment, although manufacturing jobs have declined over the past few years. The relative share of employment in the construction sector has also seen decline over time, dropping from 9% of all jobs in 1995 to 7.6% in 2000 and 6.2% in 2003. However, there has been a steady increase in the number of construction jobs since 2000.

Further diversification of the District's economy is anticipated in the future, particularly in manufacturing and construction. It is anticipated that the current weakness in the national and local economies will soon end, and job growth will resume. According to its most recent forecasts, the Bureau of Business and Economic Research at the University of New Mexico is expecting a modest (1.6 percent) growth during 2004 and annual job growth topping 2% for the remainder of the decade. The services sector should remain strong, reflecting the increase of call centers and casino employment. It also appears that residents of the District will continue to go to Albuquerque to shop, particularly for big ticket items. However, several major retailers, including Big 5, Home Depot, Staples, and Walmart, are building or expanding stores outside of the Albuquerque area, especially in Valencia County and Southern Sandoval County.

Unemployment

The unemployment rate for District 3 declined between 1990 and 2000 due to a regional economy that was growing more rapidly than the labor force. In 2001, the unemployment rate in District 3 rose for the first time in a decade, from 3.4% in 2000 to 3.7% in 2001. The unemployment rate for the U.S. also increased during over the same time period, from 4.0% in 2000 to 4.7% in 2001. According to New Mexico Department of Labor, increases in national and local unemployment rates can be attributed in part to the terrorist attacks on the World Trade Center and the Pentagon on September 11, 2001; however, the labor market had been weakening before those attacks and the events of September 11th most likely made the employment situation much worse than it would have been. New Mexico Department of Labor reports indicate that many conventions and other travel-related activities were disrupted, cancelled, or postponed in the wake of the September 11th terrorist attacks. However, the majority of the jobs lost in the District were in the construction and manufacturing sectors. As mentioned previously, 2004 monthly data indicate that the trend in the early part of the decade of rising unemployment rates had begun to reverse.

Table 8 -- Average Annual Unemployment, 2000-2003

	2000	2001	2002	2003	2003 Number Unemployed
Bernalillo	3.20%	3.60%	4.50%	5.30%	16,620
Sandoval	3.50%	4.10%	5.80%	6.50%	3,037
Torrance	5.70%	4.60%	4.20%	5.20%	400
Valencia	4.10%	4.30%	5.30%	6.20%	1,903
Total District 3	3.40%	3.70%	4.70%	5.50%	21,960
New Mexico	5.00%	4.80%	5.40%	6.40%	57,200
United States	4.00%	4.70%	5.80%	6.00%	8,774,000

Source: New Mexico Department of Labor

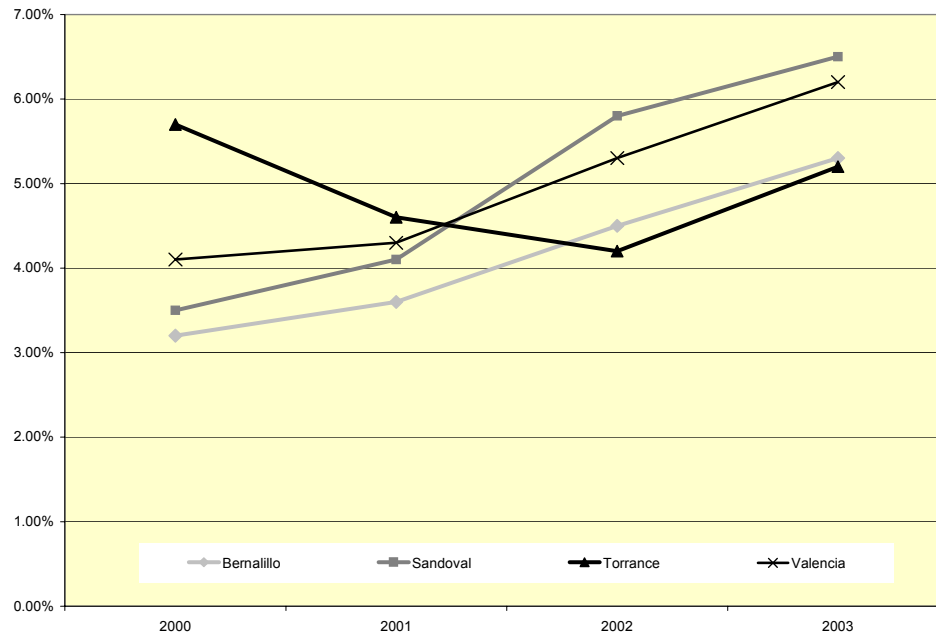
The percentage of unemployed persons in the civilian labor force in District 3 declined from 1983 until 2000, and then rose slightly in 2001, 2002 and 2003. Bernalillo County has had an unemployment rate that has varied above and below the national rate. In general, the unemployment rates in Sandoval, Torrance, and Valencia Counties were substantially higher than the rates for Bernalillo County during the 1980's. During the 1990's, the unemployment rates for the four counties drew closer together, with the increasing similarity of unemployment rates reflecting a more regional economy in the 1990's than the 1980's.

The seasonally adjusted unemployment in the Albuquerque MSA (including Bernalillo, Sandoval, and Valencia counties) was 4.6 percent in November of 2004, indicating a strengthening of the economy in this region. The rate is also a substantial decrease over last year's 5.7 percent unemployment rate. Accounting for the positive change in the economy were increases in retail trade, government (including state and local education and state-run medical facilities, such as University of New

Mexico Hospital), and education and health services. Manufacturing, while down overall expects a boost due to considerable interest in aircraft manufacturing in the region and some new industries including a mattress manufacturing plant (source: NM Department of Labor).

The average annual unemployment rates for the District for years 2000 to 2003 are provided in Figure 8.

Figure 8 — Average Annual Unemployment, 2000-2003



Source: MRCOG

The highest concentration of employment in District 3 is in the Albuquerque and Rio Rancho areas. In 2000, Bernalillo and Southern Sandoval County had a job housing ratio of 1.39, indicating more than one job per household. For Valencia County this ratio was 0.60, which is reflected in the high number of commuters into Albuquerque. As a significant number of metropolitan area workers are increasingly choosing to live outside of the urban core, the commuter shed will continue to expand.

Income

Table 9 compares per capita personal income for the counties in District 3 to per capita income for New Mexico and the U.S. from 2000 to 2002. At \$30,204, the 2002 Bernalillo County per capita income is almost on par with the U.S. average of \$30,906. The other counties in the District did not fare as well; as Sandoval County per capita income was \$25,211 and Valencia and Torrance Counties were \$20,598 and \$19,521 respectively. Per Capita income in Bernalillo and Sandoval Counties continues to be higher than New Mexico's average, while Torrance and Valencia County's per capita income continues to fall below New Mexico as a whole.

Per capita income in each of the four counties has been below the U.S. average in every year at least since 1969 when the Bureau of Economic Analysis series began. Per capita income in Bernalillo County has generally been at least 90% of the U.S. average, and the gap had narrowed during the last part of the 20th century. In 2002, per capita income in Bernalillo County was about 97.7 percent of the U.S. average. Sandoval County began the series with per capita income of less

than 50% of the U.S. average, but per capita income in the county was about 81.6 percent of the average for the U.S. in 2002. Incomes in Torrance and Valencia Counties remain significantly lower than the national average.

As wage and salary disbursements account for at 58 percent of personal income in District 3, it is reasonable to think that lower wages may be a key factor in the per capita income gap. The best paying industry sectors were utilities, professional, scientific and technical services, mining and management of companies and enterprises and government.

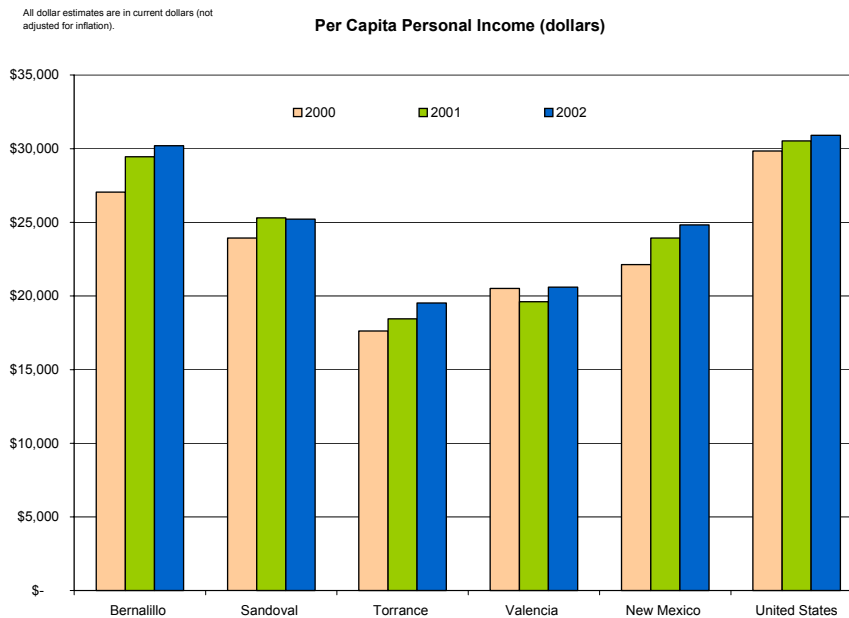
Table 9 – Per Capita Income, 2000-2002

	2000	2001	2002
Bernalillo	\$ 27,046	\$ 29,444	\$ 30,204
Sandoval	\$ 23,932	\$ 25,303	\$ 25,211
Torrance	\$ 17,630	\$ 18,452	\$ 19,521
Valencia	\$ 20,513	\$ 19,607	\$ 20,598
New Mexico	\$ 22,134	\$ 23,928	\$ 24,823
United States	\$ 29,847	\$ 30,527	\$ 30,906

Source: Bureau of Economic Analysis

All dollar estimates are in current dollars (not adjusted for inflation).

Figure 9 — Per Capita Income, 2000-2002



Source: BEA

Figure 9 displays the growth in per capita income for each of the four counties in the District compared to New Mexico and the U.S. Although all of the counties in the District, as well as the State of New Mexico, continues to fall behind the rest of the nation when it came to per capita personal income, Bernalillo County is inching increasingly closer. In addition, growth in per capita income is faster than the nation's in every county except Valencia County between 2000 and 2002. Bernalillo County's per capita income saw an increase of 11.7 percent while the national growth was a modest 3.5 percent. Bernalillo and Sandoval Counties rank 3rd and 4th in terms of New Mexico Counties with the highest per capita incomes in 2002.

APPENDIX B: STRATEGIC PROCESS

The process for developing the CEDS 2005 was open, inclusive and community-driven.

The role played by MRCOG, as the designated Economic Development District organization, involves a number of activities which are intended to provide a foundation for other, more specialized economic development strategies. Such a role includes the following responsibilities:

The MRCOG serves as a

- regional forum for planning, policy formulation, and development programs;
- liaison between state and local governments;
- liaison with economic development entities throughout the region;
- centralized data collection, statistical analysis, and repository for information on planning and development in all communities throughout the region;
- resource for planning and development assistance; and
- coordinator for region-wide project development processes ranging from needs assessments to project selection and implementation.

For the CEDS 2005, the MRCOG held five public meetings with key stakeholders throughout the region, and solicited technical feedback from numerous experts in the field. The primary role of the MRCOG will be of assessor of ongoing activities, coordinator of region-wide projects, and assistant in implementing any project where appropriate.

The MRCOG Board of Directors serves as the CEDS Committee for SPDD 3. They are ultimately responsible for developing, updating, or replacing the CEDS. The Board of Directors has taken an unprecedented step toward embracing the need for more economic development in the region by stressing economic development as one of three focus areas for the near future. The other two will be transportation and water-related issues.

APPENDIX C: ACKNOWLEDGEMENTS

The CEDS 2005 was developed with input and approval from a number of sources, not the least of which was the MRCOG Board of Directors. Other partners and sources of information were the economic development organizations throughout SPDD 3 and their members, consisting of elected officials, local government staff, private business owners, representatives of public entities, lenders, and residents.

While the MRCOG Board of Directors was the official CEDS Committee (see Appendix D for the MRCOG Full Board), the people listed below were invaluable to the process.

Larry Abraham*	Mayor, Village of Los Ranchos de Albuquerque
Charles Aguilar*	Mayor, Town of Bernalillo
M. Steven Anaya*	Moriarty City Councilor, MRCOG Board Chair
Mary Anderson*	Valencia County Commissioner
Marisa de Aragon	Albuquerque Economic Development
Alan Armijo*	Bernalillo County Commissioner
Bob Ayres*	Torrance County Manager
Claudette Baca	Greater Belen Economic Development Corporation
Julie Baca	City of Belen
Javier R. Benavidez	Albuquerque City Council
Jonathan Bundy	Rio Rancho Economic Development Corporation
Betty Cabber	Inter Mountain Agency
Dr. Louis Caldera	President, University of New Mexico
Leroy M. Candelaria	Torrance County Commissioner
Gloria Chavez*	Mayor, Village of Tijeras, Vice Chair
Barbara Christy	Small Business Owner, Tajique
Cindy Clark	Greater Belen Chamber of Commerce
Margaret Coombs	Next Generation Economy
Robert Davey	Valley Improvement Association
Micheal DeWitt	Sandia National Laboratories
Vicki DuFault	Rio Rancho Economic Development Corporation
Linda Erickson	Prototype Packaging, LLC
Bill Garcia	Cerelink, Chair, Next Generation Economy Directors
Jim Glover	The Idea Group
Hector Gonzales*	Middle Rio Grande Conservancy District
Wally Gordon	The Independent
Eric Griego*	City of Albuquerque City Councilor
Daniel Gutiérrez	Bernalillo County
Jim Hind	City of Albuquerque Aviation Department
Rick Homans	Secretary, New Mexico Economic Development Department
Webb Johnson	Next Generation Economy
Darlene Johnston	Next Generation Economy
Dolores Jones	CNMEC
Susan Keith	Culture to Culture
Samantha Lapin	POD Associates, Inc.

Don Leonard*	Sandoval County Commission
Ann Lerner	Albuquerque Film Office
James Lewis*	City of Albuquerque, Chief Administrative Officer
Robert Lucero*	Albuquerque Public Schools Board Member
Daniel F. Lyon*	Albuquerque Metropolitan Arroyo Flood Control Authority
Kathy McCormick	New Mexico Economic Development Department
Terry McDermott	Intel
Jenice Montoya	Wallen Builders
Deborah Moore	Rio Rancho Chamber of Commerce
Rebecca Moya	Trustee Willard
Jim Neblett	City of Rio Rancho
Agnes Noonan	WESSTCorps
Jim Owen*	Mayor, City of Rio Rancho
Myra Pancrazio	Estancia Valley Economic Development Association Executive Director
Bryan Penny	Wells Fargo Bank
Dick Pledger	Edgewood Resident
Donnie Quintana	New Mexico Economic Development Department
Carol D. Radosevich	Public Service Company of New Mexico
Maria G. C. Rinaldi	Town of Bernalillo
Chuck Ring	Councilor, Town of Edgewood
Noreen Scott	President, Rio Rancho Economic Development Corporation
Paul Shirley	Qynergy Corp.
Michael E. Skaggs	President, Next Generation Economy
Stephan Slata	Prudential Financial
Ron D. Smith	Compass Bank
Bob Stearley	Mayor, Town of Edgewood
Art Swenka	Estancia Basin Resource Association
Dixie Swenka	Rancher
Ronnie Torres	Mayor, City of Belen
Nino Trujillo	Nino Trujillo & Co.
David Tixier	Magnum Steel Building
Gary Tonjes	Albuquerque Economic Development
Ida Torrez	Trustee Willard
Terese Ulivarri*	City of Belen, City Councilor
Garry Wallen	Wallen Builders
Chuck Wellborn	Wellborn Strategies LLC, McCune Foundation
John Weckerle	WECKTECH
Michael J. Williams	Rio Rancho City Councilor
Bill Williams	Estancia Valley Economic Development Association President
Donna Wylie	Sandoval County

*MRCOG Executive Board

APPENDIX D: MID-REGION COUNCIL OF GOVERNMENTS BOARD OF DIRECTORS

*James Lewis, CAO, City of Albuquerque
Michael Cadigan, Councilor, City of Albuquerque
Tina Cummins, Councilor, City of Albuquerque
*Eric Griego, Councilor, City of Albuquerque
Martin Heinrich, Councilor, City of Albuquerque
Brad Winter, Councilor, City of Albuquerque
Daniel F. Lyon, Board Member, Albuquerque Metropolitan Arroyo Flood Control Authority
*Robert Lucero, Board Member, Albuquerque Public Schools
*A. Terese Ulivarri, Councilor, City of Belen
Ronnie Torres, Mayor, City of Belen
*Charles Aguilar, Mayor, Town of Bernalillo
*Alan Armijo, Bernalillo County Board of County Commissioners
E. Tim Cummins, Commissioner, Bernalillo County Board of County Commissioners
Thaddeus Lucero, Bernalillo County Manager
Wayne Ake, Mayor, Village of Bosque Farms
Ginger Eldridge, Councilor, Village of Bosque Farms
Gary Kanin, Mayor, Village of Corrales
Robert Bell, Councilor, Village of Corrales
Ethel Maharg, Mayor, Village of Cuba
Bob Stearley, Mayor, Town of Edgewood
Paul Hoffman, Councilor, Town of Edgewood
Martin Hibbs, Mayor, Town of Estancia
Chris Pohl, County Assessor, Town of Estancia
John Garcia, Mayor, Village of Jemez Springs
Wanona Maestas, Trustee, Village of Jemez Springs
Art Mondragon, Dir. Community Development, Village of Los Lunas
Louis F. Huning, Mayor, Village of Los Lunas
William C. Moffatt, Deputy Superintendent, Los Lunas Public Schools
*Larry Abraham, Mayor, Village of Los Ranchos de Albuquerque
Donald Lopez, Trustee, Village of Los Ranchos de Albuquerque
*Hector Gonzales, Board Member, Middle Rio Grande Conservancy District
*M. Steven Anaya, Councilor (*Chair*), City of Moriarty
Adan Encinias, Mayor, City of Moriarty
*Jim Owen, Mayor, City of Rio Rancho
*Don Leonard, Commissioner, Sandoval County
Jack Thomas, Commissioner, Sandoval County
*Donald Rudy, Board Member, Southern Sandoval County Arroyo Flood Control Authority
Gloria Chavez, Mayor (*Vice-Chair*), Village of Tijeras
Estefanie Muller, Clerk, Village of Tijeras
*Bob Ayre, County Manager, Tarrant County
Patricia Lincoln, Tarrant County
*Mary Andersen, Commissioner, Valencia County

*Executive Board